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# ***JPRS Report***

## **East Europe**

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**EAST EUROPE**

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**JUN 87**

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## EAST EUROPE

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ALBANIA

POLITICAL

ALIA SPEECH AT AWP PLENUM ON FOOD SUPPLY

AU261250 Tirana Domestic Service in Albanian 1330 GMT 24 Apr 87

[Speech delivered by Ramiz Alia, AWP Central Committee first secretary, at the 23 April session of Third AWP Central Committee Plenum in Tirana--recorded]

[Text] The discussions that have taken place and the decisions that will be adopted at this meeting of the AWP Central Committee are a concretization of the directive of the Ninth AWP Congress on supplies for the population. There is frequent talk about this great issue. Various initiatives have been adopted and have spread, and results are forthcoming in the cities and in the countryside. But this plenum, at which the comrades spoke responsibly, will provide a further stimulus and dynamism to the efforts to resolve the current and long-term problems arising in this field. The plenum is determining efficient measures, which must be implemented as soon as possible.

During the past four decades of our socialist life the party and Comrade Enver, following a correct Marxist-Leninist policy, have done a lot for the people. They have changed the country's traits and have radically improved the living conditions of the broad working masses. Solicitude in securing normal supplies of food to all categories of workers and their families and to gradually progress in order to meet the needs of the people, have always been and remain at the epicenter of the party's policy--that meeting the needs of the people may at all times remain the main purpose of the country's productive and social activity.

More than a decade has elapsed since our country began to meet all the needs of the population for bread grains, and it is consolidating this historic victory from one year to the next. Albania, which could previously not support a population of less than 1 million inhabitants even with corn supplies, is now securing abundant food for a population that has trebled and whose demands are growing. The radical change in the structure of grains in favor of wheat, is a success of great economic and social importance, quite apart from the quantitative multiplication of production. In 1938 wheat represented only one-fifth of all grain production, whereas now it constitutes over two-thirds of all grain production. Opportunities have now been created to accelerate our pace in securing wheat bread supplies for the rural population throughout the year as well, achieving this within a short period of time.



All of us have obligations in fulfilling this desire of Comrade Enver for the good of our heroic peasantry. It is a significant fact that Albanian citizens have an average caloric intake that is approximately the same as the average in a considerable number of European countries. According to specialist physicians, this intake is sufficient to secure high physical and intellectual productivity. This result has been attained by doubling the per capita consumption norms, particularly as regards basic necessities.

Throughout the entire socialist period the retail sale of food commodities has increased by more than three times while the population has increased 1.8 times. Positive qualitative changes have taken place in the structure of the food intake of the population, overcoming much one-sidedness in the diet of the population. While overall food production has more than trebled since 1960, the production of potatoes, vegetables, and fruit has increased nearly five times. All this has had a direct influence on conclusively eradicating diseases caused by alimentary imbalance. The anthropometric traits of people have improved considerably. The indicators of the physical development of young people are now acquired 1 year more rapidly than was the case a decade ago. The average life span of the people has reached 71 years. The mortality rate in our country is the lowest in Europe. These positive demographic developments and the good state of health of the population are a reflection of an alimentary regimen that has been radically improved for the masses as a whole and, particularly, with regard to young children and youths.

The self-sufficiency attained in securing the overwhelming portion of the population's food supplies constitutes one of the pillars of the country's economic and political independence. At a time when the imperialist powers are using food monopolies as a means of blackmail and to implement the policy of the whip in order to subjugate and to bring large and small states into their respective orbits, this is one of the greatest political and social victories of our society. The basis of this victory rests on the party's correct Marxist-Leninist line, on the vitality of our socialist agriculture, our cooperatives, and our state farms, on the creative and devoted efforts of our patriotic peasantry, and on the consistent application of modern science and technology. The supplying of the population with a number of food articles has been characterized by relative improvements even in the more recent period. The norms of the consumption of meat, milk, eggs, vegetables, and fruit, both in the cities and in the countryside, have been generally characterized by a rising trend. Despite this, restrictions and limitations have also been experienced. If these have now become more apparent, this is because the per capita increase in food products for the population, particularly with regard to livestock products, has been slightly less rapid and because the demands of the population have increased, thus creating a certain disparity between production and the purchasing power of the population, which has increased annually.

The fundamental task which follows from the assessment of the current situation with regard to supplies is that within a short period, no longer than by the end of the current 5-year period at most, the value of food supplies in the market must generally meet the basic demands of the working people and become equal to their purchasing power in all the districts of the country. Under present conditions small and even average increases are absorbed by the

population increase, and the people's growing real incomes. It is therefore expected that in 1990, compared with the beginning of the 5-year period in 1986, the increase in the value of major food products per capita, including livestock products, will be 27 percent and 50 percent respectively, while the increase in the monetary value per capita will be over 8 percent. The fundamental principle in our country, where everything rests on our own efforts, is that we should consume only as much as we produce. The essence of this slogan, about which Comrade Enver always insisted, is that we should consume more through increased production. The revolutionary meaning of this slogan is, therefore, not to accept merely the proportionate distribution of any kind of product per capita, but to increase production in order to meet demands and to raise consumption norms in accordance with the stipulated plans. Consistently adhering to this principle does not mean, therefore, remaining at a standstill with regard to either production or consumption, but to advance on both flanks.

The party should consider the situation in the food market as healthy only when the people can find and buy as much milk and eggs, vegetables, fruit, edible fats, meat, and fish that correspond to their basic needs and their purchasing power. This is in the interest of society as a whole and of every individual citizen. We must take steps toward reaching this objective even in the current year.

Is there a possibility of reducing the shortages and of normalizing the situation everywhere? Yes, the possibility exists and we lack nothing. Let us take the consumption of eggs as an example. Referring to the statistics for the cities--which are more accurate than those for the countryside, where every family keeps its own poultry--every citizen consumes, on average, 114 eggs per annum. All possibilities exist to raise the norm of consumption to 140 eggs by 1990. Not so long ago, not even more than a year ago, many cities experienced a shortage of eggs for weeks on end. This was because the plan stipulated that the cities of Puke and Lezhe should get their eggs from the District of Shkoder; that Mat should get its eggs from Diber, Pogradec from Korce, and so forth. Whereas now, only 1 year after the party stressed once again that every district should be self-sufficient with regard to food products of daily use, Puke and Lezhe are not only producing eggs to meet their own needs, but are even delivering surpluses. The same applies to Mat and other districts. Why not accelerate the attainment of stipulated norms, increasing poultry raising in the cities? The same applies to the villages themselves--increasing the number of poultry centers in the state farms and the cooperatives, but particularly by increasing the number of poultry raised by every peasant family.

The fish consumption norm in our country is currently low and is expected to be 4 kilograms per capita by 1990, and 7 kilograms in the cities. We are convinced that this decision can be implemented. We must and can catch more fish not only at sea, but also in natural lakes, in the artificial lakes of the power plants, and in the numerous irrigation reservoirs. There are about 15,000 hectares of internal waters, not including the lakes, in which fish can be grown. The fishery and seafood industry has been expanded. We currently

have enterprise cultivating fish intensively. But why should we be getting 50 quintals of fish per hectare in Laknas, but only 70 kilograms in Narta? Why should we be getting up to 5 quintals per hectare in Neskuqan, but twice as much in Kurjan? Why should we be getting only 80 kilograms per hectare from the Ulze artificial lake and only half as much in Fierze? The entire situation should be radically reconsidered in the fishery sector. Efforts and struggle are required from the fishermen--a sense of responsibility. Fish is not caught on the coast, but in open seas; it is not caught during sunny days, but at night and particularly in bad weather. A difficult job, one could say. Yes, it is difficult, even very difficult. But is the job of miners easier, people who go down hundreds of meters and do not see daylight for hours on end? Every job has its beauties and difficulties, but every job needs to be done. This is the social distribution of work.

The decisions we are making concerning the production of olives will give further impetus to the national action to double production by 1990. During the 4 years before us, over 2 million olive trees will be planted, and the overall number of productive trees will reach 4.8 million by the end of the 5-year period. All this requires greater efforts from the youth and all the people working in agriculture. More care should be taken particularly with regard to fertilization and irrigation. Large tracts will be cleared through mass actions. But is it not a sad thing that olive growing has been neglected by agricultural enterprises, cooperatives, and districts? And what are the financial organs and the Agricultural Bank doing? They give credits and finance new olive tree planting. What have they been doing to date? Why do they reconcile themselves with fictitious situations concerning investments and with superficial control? In the olive-growing zones, including the cities, there are at least 300,000 communists and members of the youth organization. If each of them would take it upon himself to tend 10 olive trees and to plant only 1 new olive sapling each year, we would undoubtedly achieve a radical change and the objective set out by the congress would be overfulfilled, because the communists would also get their families and all the people behind them. These real possibilities must be concretized and used systematically. More lively efforts are required concerning the production of olives, more dynamic and efficient work and less empty words and percentages.

In the tasks being stipulated at this meeting, it is expected that the production of vegetables will be considerably increased. According to statistics, we are currently consuming an average of 72 kilograms of vegetables per capita, not including beans, potatoes, and melons. It is possible that this norm is really higher, because the data for the consumption of vegetables in the cooperatives, and particularly the data regarding the production of vegetables in the family plots of the cooperativists, are only approximate. However it may be, even if the actual consumption norm is not higher, we can increase our consumption to 81-88 kilograms of fresh vegetables per capita within 2 or 3 years. How can this be achieved? Let us extend the acreage of vegetables in every village, allocating a plot to every brigade; let the acreage of greenhouses around the cities be increased, also exploiting the favorable climatic conditions, particularly in the coastal area. But in particular, productivity for all kinds of vegetables must be increased. We can no longer accept the

attainment of an average of no more than 250 quintals of tomatoes or 120 quintals of peppers per hectare when hybrid seeds, whose biological capacities are three of four times higher, exist. The Institute of Vegetables and Potatoes should work out technologies suitable to large-scale production in the fields, and not merely for experimental plots.

Throughout the proceedings of this plenum and in the decisions that we are adopting, a particular place is occupied by the question of increasing the production of milk and meat, which is related to the development of the livestock sector. It must be stated that this is the most difficult problem, which requires extraordinary care. The objectives set out by this meeting with regard to livestock production require a rapid increase in the number of livestock, a balanced fodder base, breed improvements, increased care for livestock, and increased yields. No matter how difficult all this may be, we must unfailingly bring about the change that was also mentioned at the national conference on livestock raising.

Comrade Enver looked on the prospects for the development of the livestock sector optimistically. He used to stress continually that our country possesses great possibilities to frontally resolve the problems arising in this field. As he used to direct, one essential prerequisite for doing this is to double and triple the yields of forage crops and pastures, to utilize all by-products of the livestock sector with a high degree of efficiency, to increase the number of livestock, to improve their productive qualities, to raise the solicitude and love of people for this great asset, and to place its reproduction and administration on an entirely scientific basis.

Calculations show that it is possible, to achieve a satisfactory increase in the per capita consumption of milk by 1990. Compared with an average current consumption of 124 kilograms of milk in the cities, we must reach the figure of 202 kilograms. In the villages, too, the per capita consumption of milk is to increase 60 percent, although the figures concerning the production of milk from the private livestock of cooperativists are only approximate and reduced. As far as the consumption of meat is concerned, both in the cities and in the countryside, this will increase by nearly 40 percent over the 1986 figure. Despite all this, compared with the needs, these increases must be considered to be modest. But let us be realistic. For the time being, these are our possibilities.

Analyzing the tasks that are being posed, considerable improvements will take place in the diet of the population. I will not make too many comparisons with other countries. As regards absolute consumption norms, a difference will remain even with regard to the 1990 targets. But it must be stressed that, in reality, these differences are smaller than they appear to be. As a result of social equality in our country, the consumption of food products does not present large differences from one social group to the next. From this viewpoint, the average consumption norm in our country is much nearer to the reality, taking every family separately, whereas in other countries the big social differences also result in considerable differences in the consumption of material goods between the classes, provinces, and particular families. In

addition--and this is of considerable importance--we secure the necessary food and caloric intake solely from our own work and efforts, without taking loans from anyone, as many others are doing. The major differences with other countries relate primarily to the structure of food, and not to the quantity of the caloric intake. Livestock products must occupy a bigger place in the diet of our population because the caloric intake is currently secured to a large extent through vegetable resources. Let us mention only that we are consuming an average of 220 kilograms of grain per capita annually, while people in other countries consume 60-120 kilograms less grain. It is therefore essential that the decisions now being adopted should be followed up carefully by the party, state, and economic organs, giving priority to and controlling the increase in the production of milk, meat, and eggs, as well as the production of beans and other leguminous crops which, according to specialist physicians, contain some kinds of proteins that are similar to those secured from animal resources.

The improvement in the diet of the population now and in the future, will be a result of the general elevation of the economy and culture, a result of agrarian and industrial progress, of the technical and scientific revolution, of the perfecting of economic relations, of the rapid development of material production, and of the progress of the service and socio-cultural sectors. We must therefore, all of us, formulate tasks out of the decisions and orientations of this plenum. The plans are based on sound arguments; the possibilities do exist. We must, therefore, accelerate our efforts to implement them resolutely and with creative initiative.

The question of supplying the population with food currently requires not merely increased production, but even some improvements in organization. It is by now obvious that some of the difficulties and temporary shortages of food products in the market, particularly with regard to livestock products, have been created partly owing to some organizational defects. The result of these defects is that the peasantry began to increasingly meet its own needs from supplies allocated to the market. A contradictory situation resulted: While the production of food products by the concentrated cooperativist sector increased and continues to increase, deliveries of such products to the state declined. Thus, the production of milk in cooperatives--I am speaking about concentrated production--was 10 percent higher in 1985 compared with 1983, while deliveries to the state declined by 18 percent. For the last 3 years the production of meat has increased 30 percent, while deliveries to the state, for the needs of industry and the urban population, declined even in absolute terms. This resulted in the peasantry expecting everything from the concentrated production in the cooperatives and in a tightness of supplies in the cities. That is why at the Ninth AWP Congress we criticized the tendency and mania of excessive concentration of production, even concerning the supply of vegetables for the peasantry. At the same time the party hailed and supported the initiative of the peasantry to create small herds and to produce beans, vegetables, and potatoes on small plots at the brigade level. The essence of these assessments and directions of the Ninth AWP Congress is that the peasantry and the workers in the agricultural state enterprises should meet their own needs through small-scale production from small herds and plots at the brigade level and in every village, without touching the large-scale concentrated

production destined for the market. This will make it possible for the food industry to get more raw materials, as well as to rapidly and perceptibly improve the food supply situation in the cities and major work centers.

Experience has shown that it is impossible to have a normal supply situation in the cities and large work centers without securing supplies to the peasantry of such products. It is from this point, from this criteria, that we must proceed to stimulate the initiatives of the peasantry and farm workers and induce them to have an interest in increasing production. The per capita food consumption in the countryside with regard to milk, eggs, vegetables, meat, beans, and other products, can be increased more rapidly. The peasantry itself has it in its grasp to achieve the objectives posed at this plenum more rapidly. We are convinced of this by the spirit of initiative and the experience gained by the cooperativists themselves. Last year, for example, 7.3 kilograms of beans were distributed per capita in the cooperatives compared with only 4.8 kilograms in 1985. The task that has been set for the peasantry to meet all its needs for fresh milk from the production of the smaller herds by 1988, is fully feasible. This is proved by the fact that over 56,000 cows and heifers have been concentrated in the smaller herds in less than 1 and 1/2 years, not to mention about 90,000 sheep and goats. During the period following the national conference on livestock alone, about 23,000 head of cattle were added to the smaller herds. This is a considerable investment. Over 10,000 tons of milk were produced last year by the small herds, although the initiative is only in its first stages. But what is important above all else is that experience was gained and prospects were opened up for the future. Last year's winter was a successful test, which strengthened the conviction about the value of keeping small herds. These became, within a very short period, an important component of economic relations in the countryside. In the districts of Fier, Lushnje, Durrës, Elbasan, and Korce, the supplying cooperativists with milk can no longer be considered without the production of the small herds.

Last year, two-thirds of the field brigades planted beans on their own plots. About one-fourth of the entire production of beans in cooperatives was gathered from these plots. In the districts of Krujë, Tepelene, Diber, Tirana, and Lushnje, the brigades distributed 7 to 13 kilograms of beans per worker. This initiative must be further developed. From this year onward no brigade must neglect to plant beans on its plot. The aim must be to meet 60 percent of the needs of cooperativists for beans from the production of brigade-level plots. Distribution, too, must not be made more complicated. The product must be distributed in the field, in front of everyone, and only that portion of the product needed for reseedling is to be stored.

The initiative concerning potatoes failed to give the expected results. This cannot be explained solely by climatic conditions. The main reason is that the growing of potatoes requires qualified work, primarily from specialists, some of whom--this must be said--failed to understand in time and to properly support the initiative of the cooperativists. Where do the districts of Lezhë, Tirana, or Gjirokastër expect to get their potato supplies for the peasantry when they planted no more than from 2 to 10 hectares with this crop

last year? The coastal cooperatives find no need, beginning from this year, to distribute potatoes to their own members. Potatoes are produced by the brigades themselves, on their own plots. The brigades must also plant potatoes everywhere in the hilly and mountainous areas. Revolutionary initiatives are not an easy thing to carry out, but it is worth making the effort and sacrificing for the interest and the good of the people.

Production on the small brigade-level plots must be planned in accordance with the needs of the peasantry. Even vegetables can and must be planted on these plots. One could say that 1 or 2 hectares are insufficient to produce everything, vegetables, as well as beans and potatoes. Let us leave the matter in the hands of the cooperativists and the brigades themselves, being convinced that they will plant according to circumstances not only in their plots and on new land, but also by better utilizing, in agreement with the boards of cooperatives themselves, a part of the acreage gained as a result of the reduction of private plots in accordance with the April 1967 Declaration, which covers about 19,000 hectares. The acreage of the private plots and livestock is also not an inconsiderable factor in meeting the needs of the peasantry. It is essential that these assets be better placed in the service of meeting the needs of the peasantry themselves. The stage organs, but also party members themselves, cannot be allowed to remain detached and indifferent toward private plots. They must insist on the implementation of the provisions of the statutes; they must direct that the largest possible amount of vegetables be grown on private plots and that the maximum possible should be produced from private livestock. Everyone should understand well that the private plots are allowed in order to meet the needs of the families of the cooperativists themselves.

In order to further stimulate the initiatives undertaken and to progress with clear objectives in mind, every brigade must set now when it is going to be able to supply itself completely, through the products of its small herd and plots, with milk, beans, vegetables, potatoes, and eggs. It is obvious that when brigades are no longer supplied from the large-scale production of the cooperatives, when every village has made itself self-sufficient in the production of these foods, the responsibility for meeting the needs of the members with the necessary agricultural and livestock products falls on the brigade leader, the specialists, the people's councils of the villages, and the basic party organizations.

The interests of society require that the workers in the agricultural enterprises, too, should take more obligations for supply upon themselves, as well as for housing and vital services. Currently, the population living on the territory of state farms is considered in exactly the same way as the urban population with regard to housing, trade, and communal service problems. Naturally, the question is not that this practice should be relinquished. Could we not benefit from the experience gained in agricultural cooperatives in somewhat reducing the state's burden and thus create conditions to better meet the needs of the workers in the state agricultural sector? Why should we not study the possibility of implementing in the state farms a number of valuable practices gained by agricultural cooperatives in meeting the needs

for housing construction, communal services, social and cultural institutions, and food supplies to their members from their own internal resources? Why should workers in the agricultural enterprises not be permitted to have their own plots in order to plant vegetables, beans, and potatoes for their own needs, paying for these at a lower price? The increase in large-scale production and the supplying of products to the peasantry from small plots and herds are two tasks that condition each other and that can be resolved, under our conditions, only in parallel. Unilateral solutions are impossible.

It must be clearly understood that production for the market is the major source of food supplies for the cities and work centers, as well as for export. But this is also an important source of income and accumulation in the agricultural cooperatives. Production for one's own use alone and, all the more so, the return to a natural economy, as has happened in some cooperatives, does not provide the opportunity for expanded socialist reproduction. On the contrary, it hinders it. When the internal turnover in the cooperative is one-sided and to the detriment of large-scale production, it hinders the intensification of production. Large-scale production and the question of food supplies for the population raise numerous tasks before the state organs, the food industry, the trade and transportation sectors, and the financial organs. A varied, complete, and year-round food supply naturally increases the complexity of links between production and consumers. It is precisely because these links are essential and because the demands of the population have risen, that the Ninth AWP Congress decided to give priority to the food industry during the eighth 5-year period, to invest considerable funds in the trade and procurement sector, and to implement organizational improvements. The primary task of the food industry, the trade sector, and other links in the chain is to collect all agricultural and livestock products for the market and for processing. When vegetables, fruit, or melons remain in the field to rot, the producers are not only harmed economically, but are also discouraged. Now that we have considerable industrial and export capacities, it is not permissible to leave even the last kilogram of products in the field. The major criteria and demand in collecting agricultural products must be appreciation of the efforts of the peasantry. When harvesting time arrives, it is not the task of the agricultural sector to collect only as much as is demanded by the targets of the transportation, trade, and industrial sectors, but for the latter to accept everything that is given by agriculture, as much of the products as is harvested daily in the fields. The biology of crops is not at all concerned about targets.

According to existing regulations, the agricultural cooperatives must sell their products to the state trade and procurement organs. It is not an infrequent practice, however, for the state shops in the villages to fail to accept all the products of the cooperatives or those of the cooperativists due to quality or because more has been produced than has been planned. In these cases a proportion of the production is lost, rotting in the field, and this is a loss for the cooperative. Meanwhile, the cooperativists, taking a basket of figs, a handful of parsley, or a dozen eggs, go to the cities. Is this in the interest of socialism, in the interest of the people, and in the interest of the common property? Obviously not, because when the trade sector fails to



collect the products of the cooperative, the social work carried out to produce these products is lost on the one hand, and on the other hand, when the individual goes to market or sells his product to some middleman, he loses valuable time and the private market is stimulated. Therefore, party and state organs must work more energetically in the villages themselves.

First, they must order the state trade organs in the villages, as well as the procurement organs, to collect all the products of cooperatives in accordance with contractual agreements, and every surplus over and beyond the quantities contracted for. Naturally, for products of lower quality, the price will be reduced.

Second, if the state organs do not accept all the products of the cooperative over and beyond contracts or because of low quality, then the right of the cooperative should be recognized to market its surplus vegetables, eggs, melons, and other products directly in the cities or large work centers. In these cases the executive committees of districts or cities must allocate to the cooperatives a place to market their products and assure the essential hygienic and sanitary conditions.

Third, the members of agricultural cooperatives have their private plots at their disposal, from which they derive not a few products and they also receive products from the brigade for a low price. But it should not be forgotten that the private plots, as well as the private livestock, have been left to the cooperativists to meet their own needs for food. They have not been left to them to trade. The products of the brigade-level livestock and plots, too, are for consumption by their families and are not to be sold. This must be properly understood by all cooperativists, and the party must explain this to them. What is to be done in cases when there are excessive products? In this case, the cooperativist is entitled to sell these products to the state shop or to the cooperative at a reasonable price.

Our peasantry has witnessed and is daily witnessing the party's solicitude toward constantly improving its life. Land reclamation, the electrification of the countryside, self-sufficiency in bread supplies, the construction of aqueducts in every village, and so forth—all these are victories that have been and are being attained only under the party's leadership and in a close alliance of the peasantry with the workers class. Our patriotic, freedom-loving peasant, who is bound to the party like flesh is to the bone, will understand when the party organizations explain to him that the state shop or the cooperative is obligated to purchase surplus products from members of the cooperative, products for which it is the sole right of the state or of the cooperative to sell in the city markets. I am stressing this because the party organizations and the state and economic organs must work with the peasants concerning this problem, must make the situation clear to them, and must persuade them with the party's correct logic.

The food industry is also closely linked with agricultural and livestock production. The fundamental task of this industry is to increase the value of agricultural products, to process the maximum amount of valuable components,

to increase variety, and to return to other sectors all the products that have been processed. The large investments allocated to increasing the capacities of this branch must be used efficiently to expand processing capacities at some bottlenecks, to bring its units and activities nearer to the raw materials, and to improve technologies. The state organs, and particularly the trade sector, the finance sector, and the banks, are required to maintain an active attitude toward production in the agricultural sector. They should not wait for the people in the villages to come to them, but must stimulate, seek, instruct, and encourage the increase in production. With regard to vegetables and fruit, in particular, radical and positive changes can and must be made in trading, applying standardization and enforcing the sale of goods in fresh condition.

The decisions being adopted at this plenum for the supply of food to the population are based on the creative fervor and experience of the masses. These decisions are permeated by the idea that there is no possible way of demanding a rapid development of the economy without securing the supply of food to the population in accordance with the demand of the times. The party is fully convinced that these decisions will be successfully implemented. We have achieved a major result: that of securing the supply of bread to the population, which once upon a time seemed to be a huge problem and had remained a centuries-old dream for Albania. Compared with that strategic objective, under present conditions, when we have acquired a considerable production potential in agriculture, it is no longer difficult to produce on a large scale and to meet all the needs of the masses for fruit, eggs, milk, vegetables, edible fats, meat, and fish.

People are confronted with the issue of food daily. This is a vital issue for them. Therefore, the implementation of the tasks contained in the decisions of the Third AWP Central Committee Plenum should be taken in hand by the broad working masses themselves in the cities and in the countryside. Everyone wants assured supplies and food and it is up to everyone to secure them. The road is clear; the readiness of the working people to launch themselves into actions is undisputable. This should stimulate the party and state organs. In the future, life will raise new problems and tasks, which will not be easier. There will be difficulties, but these decisions must not be allowed to fade away; we must keep our eyes on them continually. Control of their implementation is to be applied not only by the party and state, but by the workers class and the peasantry themselves. This control should not be exercised once a year, but should be a systematic and daily one. It is obvious that one will not reap unless one sows; if one does not hoe, crops will not develop; if one does not fertilize and irrigate, one will not have high productivity. It is therefore essential to have only control that stimulates efforts, and not control that merely takes in what has been done and what has remained undone.

The people's food and well-being require agricultural and livestock products. Let no one believe that plan fulfillment in heavy industry and in other sectors has nothing to do with food. All work, comrades, must be done responsibly,

and plans in all sectors, in all fields of social activity, in industry, agriculture, and elsewhere, must be successfully fulfilled. This is an elementary demand to promote the program for the supply of food to the population, which we are approving at this meeting of the AWP Central Committee. These decisions are our pledge to the people. Let the party therefore be in the frontline and stimulate the creative fervor of the masses. As Comrade Enver has taught us, let us spare no efforts for the good of the people and socialism.

/9738

CSO: 2100/43

## PRESS DISCUSSES AWP CENTRAL COMMITTEE THIRD PLENUM

AU050706 Tirana BASHKIMI in Albanian 27 Apr 87 p 1

[Editorial: "A Great Program of Labor for Further Growth in the People's Prosperity"]

[Text] The Third AWP Central Committee Plenum held a few days ago set forth valuable tasks for the present and the future and made very important decisions for the improvement of the people's supply of agricultural and animal products. Comrade Ramiz Alia's speech at this plenum, also published in the press, has opened fresh prospects for communists, cadres, and all the working masses of our country to fulfill ever more completely the growing needs of the people.

The party has always kept increasing the prosperity of the people at the center of its attention. There have been great achievements in this direction. Meeting all the people's needs for cereals more than a decade ago and consolidating this historic victory year by year, alongside ensuring the overwhelmingly greater part of the food supply of the populace from domestic resources are among the principal buttresses of the economic and political independence of our country, as was emphasized at this plenum. Good results have been recorded in recent years after the launch of many initiatives which have led to further improvements. But under the conditions of our country, where the population is increasing at a relatively fast rate, and where there are absolute limits to the area of agricultural land per person, supply problems become more acute. The party therefore lays particular stress upon the necessity of the most radical improvements possible in the supply of the people, giving a dynamic impetus to measures to accomplish immediate and long-term tasks.

The diet of the people is based mainly on agriculture and stock raising. As a result of the party's correct Marxist-Leninist line and the vitality of our socialist agricultural system, and as a result of the self-denying labor of working people in agriculture, ever greater successes have been noted. But unexploited reserves and opportunities remain considerable. This has once again been demonstrated by the work done in the formation, growth and strengthening of small flocks and herds at brigade level, in bean production at brigade level, vegetable and potato planting, in ensuring the egg supply in many districts, etc. Despite this, what has been done up to now is still not sufficient in comparison with the people's needs. The increase in the

population and in its real income demands a faster growth in agricultural and livestock production, and particularly in meat, milk, eggs, vegetables, potatoes, olives, and fruit. The party has set forth definite tasks here, relying upon the achievements of the past and the experience which has been gained. These tasks reveal new reserves and are convincing in demonstrating that greater opportunities exist for achieving the goals set by the AWP Central Committee Third Plenum.

The major problems concerning the better supply of the people with food products demand deeper understanding of their duties on the part of state organs both in towns and in the countryside, both in lowland and highland regions. It is not a question of simply increasing production, but of improving organization, not only at the base, but also at the center, not only in production, but in distribution too, where shortcomings have been observed. There are opportunities everywhere for improvements and swift solutions to problems of the people's food supply. There are also great opportunities for the development of stock raising. Since the National Livestock Conference a range of successes has been recorded, but there is still work to be done, particularly in livestock complexes and other intensive spheres. There are many unexplored reserves which could lead to increasing the number of animals, to breeding improvements, and improving yields.

There are great inequalities among districts, cooperatives, and production units both in agriculture and in stock raising, which show that state organs in the districts and people's councils in villages have still not found methods and kinds of work which attain the best results. Similarly, quality control and demands for account rendering are still not at the level demanded by the tasks the party has set.

The important decisions taken by the AWP Central Committee Third Plenum commit every branch and sector of the economy to concrete and creative work. Comrade Ramiz Alia stressed at this plenum, "the improvement of the people's diet at present and in the future will be a result of a general growth in the economy and culture, agrarian and industrial progress, the technical-scientific revolution, the refinement of economic relations, the dynamic development of material production, and the progress of the sociocultural and service sectors." Under the leadership of the party every administrative office and institution, every district, every organ of the state and the economy, every cadre and specialist is studying this document, pencil in hand, and is discovering new duties. What is important is the precise execution of these duties in every sector of labor and management, so that all the objectives laid down by the party and its third plenum for a radical solution to supplying the people with agricultural and animal products will be attained.

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CSO: 2100/43

ALBANIA

POLITICAL

ALIA'S SPEECHES PUBLISHED IN BOOK FORM

AU101400 Tirana ATA in English 0730 GMT 10 May 87

["The Book 'Speeches and Conversation' by Comrade Ramiz Alia Came Off Press"--ATA headline]

[Text] Tirana, 10 May (ATA)--The book "Speeches and Conversations 1986" by Comrade Ramiz Alia came off press.

This volume includes materials of the January-May period. Problems and tasks taken up for solutions to the communists and the whole people on the eve of the 9th Congress of the party are reflected and a rich experience to work and manage with a revolutionary method and style is given through them.

Among the most important materials are: the closing speech at the 14th plenum of the CC of the PLA, the discussion at the meeting of the Political Bureau of the CC of the PLA, "The Plan Is a Unique Process, Its Drafting and Implementation Are Inseparable", conversations: "Army Is a Lively Organism Where Discipline and Order Should Prevail", "The Role and Function of the Mass Organizations Should Be Adapted to the Concrete Situations", the speeches: "Socialism Is Built Up in Industry and Agriculture, in City and Countryside", "Every District Should Meet by Itself the Needs for Agricultural and Livestock Products", reflections, etc.

Most of the materials of this book are published for the first time.

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CSO: 2100/43

## PATRIOTISM SEEN AS CONDITION FOR BUILDING

Prague RUDE PRAVO in Czech 31 Jan 87 p 1

[Editorial: "What Is the Essence of Our Patriotism"]

[Excerpts] A relationship to our homeland is deeply rooted in each of us. We absorb it in our childhood and it stays with us throughout our lives. Whether we are more or less aware of the fact, the songs that were sung over our cradle, with which we lived our childhood, the loving kindness of our mother's voice, all remain with us. The person who loses this tie to his home, his native country, is very poor, no matter how large a house he has elsewhere, and regardless of how big his bank account may be, and no matter how many purebred dogs he may own.

Such a tie to a native country, a language, traditions and a cultural heritage, a pride in the acts of one's ancestors, of membership in the nation of Hus and Zizka, are all inseparable components of the spiritual upbringing of a man, and are available for him to draw on throughout his life. It is precisely this tie, the tie of true patriotism, that strongly motivates our thoughts, behavior, and dealings with others.

History has demonstrated many times that whenever our homeland has been in danger heroes have come to its rescue. These have been people who were not afraid to spill their own blood and lay down their lives at critical moments, in the interest of a bright future for their native land....

...Every period has its heroes and requires new revolutionary acts. Historical continuity does not permit later generations to waste the fruits of previous struggles. To capitalize and expand on what has already been achieved, enriching them with further actions, is an obligation given to us by history.

History contains many instances of new generations enhancing the inheritance from previous generations, as well as instances when they wasted previous achievements. If we teach our youth to respect the great deeds of their ancestors, to respect progressive traditions, to respect our material and intellectual culture, if we teach them to combine love for their country with the great prospects that our country has within the socialist community, and to combine socialist patriotism with proletarian internationalism, we can then feel secure in the future of our youth and our whole country...

...Socialist patriotism includes the principles of socialist democracy, mutual respect and trust, equality and equal rights for the peoples and nations of Czechoslovakia and the entire socialist community. Racism, all types of discrimination, national incompatibility and chauvinism are all foreign to a true patriot. A true patriot revels in the successes that socialism achieves in the name of progress.

The true patriot, precisely because he has internalized and experienced first hand all the best aspects of real humanism, is necessarily outraged by everything that degrades or threatens humanity. A person who thinks and acts in a socialist manner finds the lack of social certainty, the threat of war and unemployment, and the lack of a future that faces working people in capitalist countries to be unacceptable.

Progressive, thoroughly patriotic thinking is evident not in words, in empty slogans or in theatrical gestures, but through specific actions that meet the needs of people, in deeds. The acid test of the true value of a man is work. The extent of one's socialist patriotism is best measured today by an individual's honest work, by how a person approaches tasks related to the further development of his homeland, and to strengthening the socialist community.....

...Education for socialist patriotism is a process of forming a "new" man, a socialist personality devoid of petty bourgeois traditions and provincial customs. This is an unselfish, dedicated person who measures his own well-being by that of the whole. He possesses sharp intelligence and deep sensitivity, possesses high moral standards and understands the significance of shared human values. A just socialist society cannot be built on an "old-fashioned" morality, a private-capitalist world view, indifference, nor on the prestige interests of individualists, braggarts and the nouveau riche.

Educating and reinforcing socialist humanist values in people also presumes and, indeed, demands a willingness to shed all accumulated ballast that is rooted in every society and against which even socialist societies are not immune. Socialist society has provided all people with the opportunity to achieve relatively substantial material well being, has made cultural and spiritual achievements accessible to the masses, and has relieved its citizens of day-to-day concerns.

Our communist party is at the forefront of this struggle. This places difficult demands on communists. Most of all it requires that they set an example of high moral maturity, courage at work, and a human, truly socialist concern for the needs of the fatherland. Only if they possess all these qualities can they effectively lead the struggle to heal the social, economic and cultural life of the society.

Everything we are doing today, and which the communist party involves us in, serves to strengthen the position of our country within the socialist community. It helps to foster the blossoming of socialism and increases its authority and attractiveness throughout the world. This in turn helps to strengthen world peace. To love ones country today means to spare no effort or ability in contributing to its further growth, to strengthening socialism and peace, and to its greater glory.



## BRIEFS

CHINESE DONATE COMPUTER--A Chinese Great Wall computer, a gift of the minister of the electrotechnical industry of the People's Republic of China, Li Tchiejing, who at one time studied in Czechoslovakia, began operating recently at the Mathematics-Physics Faculty of Charles University in Prague. It is a personal computer with a 0.5 megabyte RAM memory capacity, two diskette drives, a color monitor, and special fine printer. It will be used to teach programming and for mathematical work in the sciences. Since its memory contains Chinese characters, sinologists from the Czechoslovak Academy of Sciences Oriental Institute will also use it. [Article: "Chinese Minister Presents Gift"] [Text] [Prague RUDE PRAVO in Czech 29 Jan 87 p 2]

FIRST DICTIONARY FOR DEAF PERSONS--The Slovak Pedagogical Publishing House in Bratislava has just published the first Frequency Dictionary of Sign Language for Deaf Persons in Czechoslovakia, with an initial run of 7,500 copies. In this pictorial, explanatory dictionary each entry has a photographic portion supplemented by a written description of individual signs. The research of Jozef Mistrik, a linguist, served as the basis for compiling this unique work. In conjunction with two sign language practitioners he has developed the first grammar of this special language. This is contained in the introduction to the dictionary. The Slovak entries are accompanied by Czech equivalents, in view of the fact that this is work designated for national distribution. Its scope, more than 300 pages, and layout allow this dictionary to get right into the issue of sign language. It will definitely become an important handbook to schools for the handicapped. In addition to these schools and invalid groups, which will be the first to receive copies, the Frequency Dictionary of Sign Language may be purchased in Slovak Book sales outlets. [Article, author not given] [Text] [Prague RUDE PRAVO in Czech 26 Jan 87 p 2]

9276/9716  
CSO: 2400/142

POLAND

POLITICAL

# ZIMBABWEAN OFFICIAL ENDS VISIT

LD280223 Warsaw PAP in English 2058 GMT 27 Apr 87

[Text] Warsaw, 27 Apr--Nelson T. Mawema, the deputy CC secretary of the Zimbabwe African National Union--Patriotic Front (ZANU-PF) ended his seven-day visit here today.

Mawema met with PUWP CC Secretary and Political Bureau member Jozef Czyrek.

During his visit to Gdansk (northern Poland) Mawema was received by PUWP CC Alternate Political Bureau member and PUWP Voivodship Committee's First Secretary Stanislaw Bejger.

The sides stressed the possibilities and the need of intensifying activities for the widening of the planes of inter-party cooperation and also for the expansion of economic, trade and cultural-scientific cooperation between both countries.

Exchanging views on some international problems, the sides agreed that the aggressive and imperialist-supported policy by the regime of the Republic of South Africa towards the Frontline states is a source of grave tension. In the light of this, the sides rated very highly the consistent efforts of the ZANU-PF Party and the Zimbabwean Government, undertaken with a view to a political resolution of the region's problems.

They decisively confirmed both parties' support for the African National Congress (ANC) in its struggle for eliminating the apartheid system in the republic of South Africa and for the South West Africa People's Organization (SWAPO), fighting for Namibia's independence.

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CSO: 2020/95

POLAND

POLITICAL

JARUZELSKI MEETS WITH KATOWICE DEPUTIES

LD170207 Warsaw PAP in English 2000 GMT 16 Apr 87

[Text] Warsaw, 16 Apr--PUWP CC First Secretary Wojciech Jaruzelski, in the presence of Premier Zbigniew Messner and Bogumil Ferensztajn, the Katowice PUWP Voivodship Committee first secretary and chairman of the voivodship deputies' group, met here today with a group of Sejm deputies of the Katowice voivodship electoral precinct No 23.

At the meeting, held at the initiative of the deputies, Jaruzelski was briefed on the problems of the industrial agglomeration of the upper Silesia and Zagłębie region, and on the implementation of the government programme for improved living and working conditions in the voivodship, in the sphere of environmental protection, housing construction, restructuring and modernization of industry, health care and development of culture.

Much attention was paid to conditions in which the deputies perform their duties, reflections ensuing from meetings and contacts with the electorate, and issues of consolidation of socialist democracy.

Wojciech Jaruzelski stressed the role of the Sejm, its organs and deputies themselves in stimulating civic activeness, consistent realization of the state policy, in socio-economic transformations and materialization of electoral programmes.

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CSO: 2020/95

POLAND

POLITICAL

COUNCIL OF MINISTERS ON LAW, SOCIAL PATHOLOGY

AU141250 Warsaw TRYBUNA LUDU in Polish 11-12 Apr 87 p 3

[Excerpts] PAP--On 10 April, the Council of Ministers viewed a report by the Council of Ministers' Committee for Observing the Law, Public Order, and Social Discipline on the implementation of the government social pathology and crime prevention and counteraction program between 1986 and 1990, as well as a schedule for implementing it.

Problems involving social pathology, departures from and violations of the law in force, dishonesty, and harm are the subjects most frequently touched upon by citizens during meetings and discussions. The current climate encourages a struggle against all these negative signs.

Next, the Council of Ministers adopted a draft amendment to the law on income tax, together with a draft directive by the finance minister on this subject. The draft adapts taxation of surplus income to foreseen socio-economic conditions. It introduces changes in taxation on the sale and exchange of goods and changes to the law of property, which is in accordance with the postulates of the housing council, among others. Tax concessions on sales for export will be considerably increased. These solutions guarantee private businesses a suitable profitability, while at the same time restricting economically and socially unjustified incomes.

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CSO: 2600/586

POLAND

POLITICAL

MOKRZYSZCAK INTERVIEW ON PARTY CONTROL ACTIONS

AU171401 Warsaw TRYBUNA LUDU in Polish 14 Apr 87 p 3

[Interview with Wladyslaw Mokrzenszczak, chairman of the PZPR Central Control and Auditing Commission, by Anna Pawlowska: "Is Party Justice Really the Same for All"--date and place not given]

[Excerpts] [Pawlowska] At primary party organization meetings in factories one sometimes hears the view that party justice is not meted out equally---there is one form for the worker, who is severely punished for every piece of wire that he removes from the factory, and another for directors, who are sometimes responsible for losses that run into the millions. Is there some degree of truth in this?

[Mokrzenszczak] These opinions are not borne out by the facts, in terms of both party and administrative judicial decisions. Last year and during the first quarter of this year, control and auditing commissions and primary party organizations imposed a total of 4,936 penalties and conducted 3,377 warning talks. Of those punished 925 were persons occupying managerial positions, 322 were workers, 267 were ordinary white-collar workers, and 74 were farmers. Last year, as the result of a control conducted by the Supreme Chamber of Control alone---it covered 1,012 directors and their deputies and chief accountants---135 persons were dismissed from their posts. The rather notorious "statisticians" affairs concerning the falsification of reports resulted in 304 members of the managerial cadre being fined by misdemeanor courts. Thus, it is difficult to discern any kind of "immunity for the prominent."

[Pawlowska] The following principles also has moral dimensions: the higher the position, the greater the responsibility. The social acceptance of this principle provides the background for views on the responsibility of the worker and that of the director.

[Mokrzenszczak] Undoubtedly, the principle is fair and just. However, being the son of a worker myself, I must voice certain reservations. I would be very wrong if what lay concealed at the bottom of this view was the thought that "what can be forgiven a worker does not befit a director." This contains a profoundly false idea, one that has class significance. A worker is not, by virtue of the class to which he belongs, less ethical than a director or a professor, or less able to distinguish good from bad, honesty from dishonesty. He does not need to have things "forgiven" him. If only we had a managerial cadre that was as highly ethical as workers brought up in strict workers homes.

## SATELLITE TV VIEWED AS SOURCE OF DANGER

AUL191925 Warsaw ZOLNIERZ WOLNOSCI in Polish 10 Apr 87 p 6

[Article signed 'L.W.': "Intensified Manipulation"]

[Excerpts] From what has already been written, it seems that mass culture performs a specific role in the system of bourgeois ideological manipulation. That this is very important to those who manipulate social consciousness is illustrated by the fact that the way in which mass culture is used in propaganda.\*

The basic condition for effective action within the framework of sociological propaganda is the availability of permanent, flexible, and broad channels for disseminating various kinds of information and messages. The DBS [direct broadcast system] of satellite television is the ideal tool for this purpose. One should expect methods of sociological propaganda to be considerably enriched and that, thanks to satellite television, they will form the main element of the Western system of ideological subversion.

This concerns not only the socialist countries, but all the countries of the world. Experience shows that television in the developing countries is a source of entertainment mainly for the middle stratum of society, which is already geared to the American way of life in any case. In turn, this class sets an example of conduct to larger groups of society.

Thus, the Western pattern of life, is picked up mainly by the privileged strata in countries in Africa, South America, and so on--strata that wield authority. In this context, television is much more of a white man's medium than mission schools used to be. Western experts influence the contents of programs directly, either as on-the-spot program advisers, or by means of training establishments in Europe or Latin America.

\*The term "sociological propaganda" was first used by the French sociologist J. Ellul in his work "Propaganda--The Shaping of Human Attitudes," which first appeared in 1965. Ellul's theory was immediately adopted by the bourgeois states and is being improved constantly.

So far we have considered the dangers of satellite television posed by its quality. However, there remains to be considered a matter of no less importance--the extent of these dangers and the time when they may occur. But before we do so, it seems we ought to answer a basic question: Why are we looking at direct broadcast satellite television mainly in terms of dangers?

Such a view of DBS is permitted, and even compelled, by the current situation, which may be described as follows:

--So far we have attempted to show that the Western ideological subversion apparatus threats DBS as a weapon in the information war, a kind of propaganda "Star Wars." Such a view is undisguised and expressed by responsible politicians, especially in the United States. In such a situation, the possibility of direct satellite reception must be viewed as a threat to a state's sovereignty of information and to the consciousness of its society. Such an attitude toward DBS by us does not stem at all from our own domestic conditions, but has been imposed on us from outside.

It is interesting to note that DBS does not operate on U.S. soil. There, programs from space are relayed to individual viewers by ground stations and then by cable. DBS will be established in the very near future. For the time being, the American viewer cannot make free use of satellite television.

--When assessing the eventual effects of DBS, one should consider the differences in the technical standard of information dissemination resources in the socialist countries and in the West. These differences are considerable. The fact is that the United States has direct or indirect access to 90 percent of the world's technical resources used to disseminate information. The percentage of these available to all the socialist countries together is not much more than 5. That is the truth of the matter, and it must not be overlooked when assessing the situation. Planning information aggression against the socialist countries, the West has prepared a suitable technical base which is chiefly meant to serve this purpose.

--Finally, one should consider the internal information systems in the chief Western states. These systems are usually developed to monstrous proportions. Over a dozen television channels, several hundred radio channels, the complete satisfaction of the needs of all kinds of press--that is the reality of information in the United States, for example. This performs specific economic and political functions, but it also forms a kind of "information umbrella" which isolates society, especially U.S. society, from all outside influence. Meeting society's information requirements by means of one's own mass information media is so great that it causes a "flood of information." In such a situation, the chance of outside information getting through to the recipient is not great. This conclusion also stems from the way in which information in the socialist propaganda system is prepared. Generally speaking, this method holds little attraction to the Western consumer. So even if we did find ways of transmitting a large amount of our own information to Western countries, it would be very difficult for us to overcome the abovementioned "information umbrella" and psychological barrier. So, generally speaking, it is not without reason that the socialist countries regard DBS in terms of ideological dangers. But this does not mean DBS will always be treated this way.

## BRIEFS

BEDNARSKI ADDRESSES DANISH CP CONGRESS--Addressing the 27th Communist Party of Denmark Congress in Copenhagen on 19 April, PZPR Central Committee Secretary Henryk Bednarski conveyed greetings from Polish Communists and informed the Danish Communists about the resolutions of the 10th PZPR Congress, which mapped out a strategy for socialist construction in Poland. He presented the present political and economic situation in Poland, together with the steps being taken to improve it. He also shared experience in party work, speaking about the present talks in Poland on the role of primary party organizations. He underlined the role of the world's communist parties in the struggle to eliminate the threat of nuclear annihilation and consolidate peace and universal security. [Text] [Waldemar Kedaj report] [Warsaw TRYBUNA LUDU in Polish 21 Apr 87 p 6 AU] /9274

BARYLA RECEIVES YOUTH LEADERS--Jozef Baryla, secretary of the party Central Committee, received the chairmen of delegations of youth organizations from the socialist countries who have arrived in Poland for Lenin's Days. This year's celebrations, organized by the ZMS Central Board and the Polish Army Youth Council, are an important part of the celebrations of the 70th anniversary of the Great October Socialist Revolution. [Text] [Warsaw Domestic Service in Polish 2000 GMT 25 Apr 87 LD] /9274

NEW POLISH AMBASSADOR--On 15 April Mieczyslaw Klimek, PPR ambassador to Tanzania, presented his credentials to Tanzanian President Ali Hassan Mwinyi. [Text] [Warsaw TRYBUNA LUDU in Polish 17-20 Apr 87 p 6 AU] /9274

SUSPECTED SALMONELLA OUTBREAK--There has been another report about the dirty hands illness from Bialystok Voivodship. Dr Barbara Szymajda from the voivodship Sanitary and Epidemiological station disclosed that 78 cases of severe infection have been registered so far and 43 people have been hospitalized. The suspected reason is salmonella poisoning after the consumption of cakes produced by a local cooperative bakery. Over 200 kg of suspected cakes were made and sold and, consequently, more cases of infection can be expected. [Summary] [Warsaw Domestic Service in Polish 1005 GMT 5 May 87 LD] /9274

MESSNER RECEIVES PEDIATRICIANS' DELEGATION--Warsaw, 6 May--Polish Prime Minister Zbigniew Messner received here today a delegation of pediatricians to discuss, among others, the ten-year period of the functioning of the child's memorial health centre in Miedzylesie outside Warsaw and the full completion of construction works. Taking part in the meeting were head of the centre's scientific board, Professor Bozena Hager-Malecka, the centre's director Professor Maria Goncerzewicz, and chairwoman of the Polish Pediatricians' Society Professor Maria Niznikowska-Marks. [Text] [Warsaw PAP in English 2228 GMT 6 May 87 LD] /9274



STATE MINING COUNCIL MEETS--Warsaw, 27 Apr--The State Mining Council met here today for the first time in its 11th term of office to review the state of safety and hygiene in mining plants. Forty members of the council, appointed by Prime Minister Zbigniew Messner, received their appointments from Vice Premier Zbigniew Szalajda. The council is composed of practitioners who scientists from all the mining branches and is the premier's consultative and advisory body. [as received] Benon Stranz was appointed the council's chairman and Adam Szczurowski its vice chairman. [Text] [Warsaw PAP in English 1637 GMT 27 Apr 87 LD] /9274

OPZZ-FDGB AGREEMENT--Berlin, 27 Apr--The Executive Committee of the All-Poland Alliance of Trade Unions (OPZZ) and the main board of the Confederation of Free German Trades Unions (FDGB) signed an agreement on trade union membership and activity of Poles temporarily employed in industrial plants and construction sites in the GDR. Under the agreement all the Polish employees who are members of the FDGB have the same obligations and privileges as their GDR counterparts. At present, over 30 thousand Polish specialists are employed in various GDR enterprises. The document was signed by OPZZ vice chairman, member of Poland's Council of State Jerzy Uzibelo and Secretary of the FDGB Main Board Werner Heillemann. [Text] [Warsaw PAP in English 1753 GMT 27 Apr 87 LD] /9274

CIVIC MILITIA CHIEF BURIED--Warsaw, 4 May--General Jozef Beim, the late commander-in-chief of the civic militia, was interred at the Powazki Cemetery here today. The guard of honour at the coffin of Gen Beim was posted by PUWP CC Political Bureau members Interior Minister Gen Gzeslaw Kiszczak, Central Control and Audit Commission CKK-R Chairman Wlodzimerz Mokrzyaszczak and CC Secretary Stanislaw Ciosek. Apart from the close relatives of the deceased, the funeral procession included Political Bureau members CC Secretary Jozef Baryla and National Defence Minister Florian Siwicki, Vice Premier Zbigniew Szalajda and representatives of embassies of socialist countries. [Text] [Warsaw PAP in English 1837 GMT 4 May 87 LD] /9274

AFGHANISTAN ANNIVERSARY NOTED--Warsaw, 26 Apr--On the occasion of the national day of the Democratic Republic of Afghanistan, the 9th anniversary of the April revolution due 27 April, PUWP CC First Secretary, President of the Council of State Wojciech Jaruzelski and Premier Zbigniew Messner sent a message of congratulations to General Secretary of the People's Democratic Party of Afghanistan CC Najib, to acting president of the republic's Council of State Haji Mohammad Samkanai and to Chairman of the Council of Ministers Soltan Ali Keshtmand. [Text] [Warsaw PAP in English 1800 GMT 26 Apr 87 LD] /9274

SCIENTIST-PROFESSOR RECEIVES GREETINGS--Warsaw, 27 Apr--President of the Council of State Wojciech Jaruzelski sent a congratulatory letter to Professor Maciej Nalecz to mark his 65th birthday. Premier Zbigniew Messner also sent a congratulatory cable. Prof Nalecz is a member of the Polish Academy of Sciences, organizer of science, activist of many domestic and international scientific organizations and a Sejm (parliament) deputy of the 9th term. He is also chairman of the International Council of Pugwash--a movement of scientists for peace, nuclear disarmament and easing international tensions, and chairman of the Polish Pugwash Committee. [Text] [Warsaw PAP in English 1742 GMT 27 Apr 87 LD] /9274

MESSNER VISIT TO EGYPT ASSESSED--Warsaw, 29 Apr--The PUWP CC Political Bureau Tuesday acquainted itself with the course and results of the official visit paid by Premier Zbigniew Messner to Egypt and approved its results. The visit was an expression of the policy of strengthening and developing friendly relations--on the principle of mutual benefits--with all Arab states. It coincided with the 60th anniversary of diplomatic relations between Poland and Egypt. The Political Bureau positively assessed the talks which were held and the decisions reached in Egypt. They will contribute to an expansion of cooperation between both states in many fields and to an improvement of the climate in international relations. [Text] [Warsaw PAP in English 2212 GMT 29 Apr 87 LD] /9274

TALKS WITH PCF LEADERSHIP--Paris, 30 Apr--Head of the PUWP CC Ideological Department Wladyslaw Loranc stayed in Paris 27-30 April. Loranc held talks with the leadership of the French Communist Party (PCF), the institute of Marxist research named after Maurice Thorez and management of the Messidor Publishing House. [Text] [Warsaw PAP in English 1500 GMT 30 Apr 87 LD] /9274

PAKISTANI CADETS VISIT--Warsaw, 27 Apr--A group of cadets of the Pakistani Academy of National Defense stayed in Poland 21-26 April as part of their study tour of Europe. The group was received by Vice Premier, chairman of the Polish Economic Society Zdzislaw Sadowski, Foreign Vice Minister Jan Majewski, Vice Minister of National Defense Gen Tadeusz Tuczapski and Wroclaw Voivode Janusz Owczarek. While in Warsaw the Pakistani cadets met with the management of the Polish Institute of International Affairs and got acquainted with the activity of the Sejm (parliament). [Text] [Warsaw PAP in English 1634 GMT 27 Apr 87 LD] /9274

CSO: 2020/95

ROMANIA

POLITICAL

CEAUSESCU MESSAGE TO 'ARAFAT ON REELECTION

AU040831 Bucharest SCINTEIA in Romanian 28 Apr 87 p 3

[Cable from Romanian President Nicolae Ceausescu to Yasir "Arafat on the latter's reelection as chairman of the Executive Committee of the Palestine Liberation Organization]

[Text] To Comrade Yasir 'Arafat, Chairman of the Executive Committee of the Palestine Liberation Organization, on your reelection to the high position as chairman of the PLO Executive Committee, I extend to you, on behalf of the RCP Central Committee, the Romanian people, and myself personally, warm congratulations and best wishes for success in your activity devoted to securing the Palestinian people's action unity in the struggle to win their inalienable rights and attain their legitimate aspirations for self-determination and free and independent development within their own state.

Our party and people will continue to grant active support to the PLO and its struggle to establish a just and lasting peace in the Middle East, in accordance with the national interests of the Palestinian people and other peoples in that region and of the general cause of independence, peace, and security in the world. We firmly advocated and continue to speak out for the organization of an international conference on a global solution to the Middle East problems, with the participation of all interested sides, including the PLO, as legitimate representative of the Palestinian people.

I express the conviction that the good relations of friendship, cooperation, and solidarity between the RCP and PLO and between the Romanian and Palestinian peoples will further register an upward course, to our mutual benefit, in the interest of a political and constructive solution of the Middle East problems, and to the benefit of the struggle for social progress, detente, cooperation, and peace in the world.

Nicolae Ceausescu, RCP secretary general.

/12624

CSO: 2700/214

## BOOK ON VIENNA DIKTAT REVIEWED

Bucharest SAPTAMINA in Romania No 10, 6 Mar 87 p 3

[Article by Florian Tanasescu and M. N. Rusu: "History Does Not Go Backwards"]

[Text] The great dramas of history must not be forgotten, not only because they violated the human condition, but, even more, so that they may never be given room to reproduce or repeat in the context of current or future socio-political realities. The main condition for the implementation of that desire is a recognition and understanding of their most unnatural, inhuman and hideous aspects. People of today and tomorrow must recognize these things so that we may prevent all this. That, we believe, is the message of the book 'History Does Not Go Backwards' by the respected historian Olimpiu Matichescu.

The central theme of the work is the great Romanian drama of August 1940--the Vienna Diktat--which opened a deep wound in the souls of the Romanian people that will never be purged from memory. The Diktat, as the author demonstrates, was the direct consequence of the policy of force and threats promoted by Hitlerist Germany and Fascist Italy, which arrogated for themselves the right to be international judge and jury, drawing and redrawing the boundaries of the map of Europe as their interests dictated. Benefitting from servility shown to the Fascists and from the praise of the "new order" imposed by them was Horthyst Hungary, which snatched extensive Romanian territories as well as important border zones belonging to other neighboring states.

That Horthyst Hungary had long prepared its sweet and stubborn revenge is well-known and fully demonstrated. It is abundantly proven by the conscious evasion of the terms of the Paris Peace Treaty concerning disarmament and limitation of armed force, by the secret and later open preparation of armies to carry out aggressive plans, by the quiet and later open nonrecognition of Trianon and the promotion in international relations of a revisionist policy toward the successor states of the dualist Austro-Hungarian monarchy, by the employment of the entire politico-administrative mechanism toward this objective, by the development of intense internal and external propaganda promoting its own goals of conquest under the insolent rubric of recreating a "Greater Hungary," by the incitation of the Hungarian people to revenge and intolerance, especially toward Romanians, considered the main guilty party in the Hungarian "tragedy" of 1920. All of this is combatted with particular suggestively titled "The evolution of Horthyst revisionism and how it was

manifested toward Romania." From the illustrative documentary material presented, there emerges an edifying and accusing picture of the Horthyst Fascist regime in Hungary. Can there be any excuse for threatening the physical destruction of the Romanian people, for inciting the murder of powerless men, women and children? Can there be any justification for the preparation of an entire inquisitorial apparatus procedure, unparalleled in torture, crimes and other atrocities practices? Of course not! All of that clearly shows the declared intent of the Horthyst-Fascist regime to attain its goals by any means.

To the multitude of destructive positions and attitudes of the Horthyst authorities of the pre-Diktat epoch could be added yet another. When neighboring states were concentrating their constructive efforts on internal consolidation and the promotion of active cooperation on the international scene, Horthyst Hungary was a genial host to and supporter of counterrevolutionary groups that planned putsches aimed at taking over political power in the states they came from. Notorious is the case of one group of Croatian-Slovenian terrorist elements present on Horthyst Hungarian territory in 1922, who apparently was preparing to launch a "revolution" in Yugoslavia. When Bulgaria and, significantly, even Mussolini's Italy, proceeded to arrest and expel these elements, the preparation of so-called revolution, as even the Croatian-Slovenian terrorists admitted, "it was carried out with the agreement of official Hungarian circles."

The Horthyst-Fascist revisionist ambitions, based on the fragile argument that "a domination of 20 years cannot compare with a millennial possession," would find satisfaction in the odious Vienna Diktat of 30 August 1940, an argument which the author referred to extensively and in detail. An enormous wave of unbounded indignation and of national protest was the prompt response of the Romanian people. Similar sentiments were voiced by the co-located nationalities upon news of the tragedy that had befallen the Romanians.

What followed is well-known. A long and unjust agony for those more than 2 and 1/2 million inhabitants of the territory conquered by the Horthyst-Fascist troops. Retaliations were always by foreign arms and not by the ancient inhabitants of those parts--the Romanians--who knew how to extend the hand of friendship, both out of concern and out of need, as well as for peaceful, constructive, and useful work on an equal footing to all the people who had long been settled in the territory--Hungarians, Germans or other nationalities. This is the most authentic history lesson that the not too distant past nervously teaches all those who today spout-off at the mouth with amnesia or untruth. The substratum of historical amnesia--not to mention falsification or mystification of the events of some bygone epochs--is not at all hard to understand. Yesterday's guilty, not wanting to feel the pangs of heavy conscience, absolve themselves of all accusations. Today the efforts to exonerate Horthy and his collaborators of the atrocities committed against the Romanian population or against the Jews of the occupied zone of Transylvania seem incredible. Just as incredible are the assertions that the crimes were not committed by Horthyst-Fascist troops but rather by unarmed groups made up

Hungarian elements that wanted to avenge the "rape of Transylvania" by the Romanians in 1918. We must ask ourselves how the rehabilitation of Adolph Hitler would ring in the ears of international public opinion through the absurd idea that he did not know or was unaware of the monstrosities committed in the occupied territories or in the death camps. How would the survivors of those apocalyptic times consider such attempts? We all know the answers

The fact that the Romanians were not alone in their drama of 1940, that they were then surrounded by understanding, compassion and the solidarity of international democratic public opinion, is another indubitable argument as to the null and void character of the arbitrary sentence of Vienna. A massive and illustrative chapter of the work is devoted, in pages of authentic emotional vibrancy, to the entire gamut of foreign demonstrations that firmly condemned the act of 30 August 1940. Chiefs of staff and politicians of first rank, prominent personalities of science and culture, private and government radio stations, communist and workers' press, bourgeois dailies from everywhere, Romanian emigres in Europe and America formed an impressive front of pro-Romanian demonstrations, of accusations against the initiators and implementors of the Diktat, of bringing to the pillars of infamy the horrors of the Horthyst-Fascist occupation against the Romanian population of the northwest territory of Romania, forcibly ceded to Horthyst Hungary. Evocative in this sense are the broadcasts of Radio London which justifiably affirmed that "the great tragedy that befell Romania revolted all the states of Europe." The commentaries were unanimous in their appreciation of the deep revolt of the Romanian people, their ardent desire that the historical injustice committed by Fascism at Vienna be eliminated as quickly as possible. Just as the truth shone through, so, too, did the right of the Romanian people to be masters of its own territory triumph, in the conditions of the defeat of Fascism, in reestablishing peace and democracy.

It is a right that no one and nothing can contest. It is a right drawn from our history itself, from our millennial labor in defending our own homeland. Through that primordial conclusion, through its entire appearance and content, the book "~~History Does Not Go Backwards~~" constitutes an argument for our legitimate rights as a free and independent people to build our own destiny as we understood and wish it.

9794/12851  
CSO: 2700/181

## BRIEFS

RCP MESSAGE TO SAN MARINO CONGRESS--Esteemed Comrades, On behalf of the RCP Central Committee and its secretary general, Comrade Nicolae Ceausescu, we convey cordial greetings and best wishes for success in the congress proceedings to the delegates to the 35th San Marino Socialist Party Congress. We take this opportunity to recall with satisfaction the good relations between the RCP and the San Marino Socialist Party and we express our belief that these relations will continue to develop and expand in the future, too, in keeping with our mutual interest and for the general cause of detente, disarmament, security, and peace in Europe and throughout the world. [Text] [Bucharest SCINTEIA in Romanian 1 May 87 p 5] /12624

CSO: 2700.214

## SERBIAN YOUTH SURVEY SHOWS VIEWS ON NATIONALISM

Belgrade NEDELJNA BORBA in Serbo-Croatian 28 Feb-1Mar 87 p 5

[Article by Mira Nikic]

[Text] International convictions prevail among youth, while the circle of those who are nationally oriented is relatively narrow, and they are so oriented more in a latent way than overtly.

This is one of the conclusions of the most recent survey by the Publishing Center of the Socialist Youth League of Serbia on national consciousness among youth, which was carried out by Dr Dragomir Pantic. The survey encompassed a thousand young persons, aged 15 to 27, from a small region of Serbia. High school and college students, workers, clerks, unemployed persons, technicians, and farmers were questioned. Some 70 percent of those surveyed identified themselves as Serbs, and 22 percent as Yugoslavs. Every tenth person was a Moslem, and one in a hundred a Montenegrin. Of those surveyed, 27 percent were members of the League of Communists, and another 48 percent wanted to become members.

Here is how the young people regard relations among nationalities: 4 percent believe relations are very good in Yugoslavia; 46 percent consider them satisfactory; and 47 percent of those questioned see them as poor. As to the Federal Republic of Serbia, 37 percent of the young people regard these relations as satisfactory, while a whole 54 percent consider them poor. Relations between nationalities in Kosovo-Metohija are judged to be poor by 87 percent of the young people. The most positive assessments were made by high school students and farmers, while university students, technicians, and workers were most critical. A great majority of the young persons from Belgrade believe relations between nationalities in Serbia are poor.

Two-thirds replied affirmatively to the direct question of whether there is more nationalism in our country now than before. Every fourth person surveyed considers that it exists "to the same degree as before," while 6 percent of the young people report less nationalism. More nationalism is reported by university students and workers, and a shade less by farmers. As to nationalism among youth, the majority of those questioned reacted realistically ("it depends on the situation and the person"). This reply was given by 57 percent, while every sixth person claims that youth are no different from older people in this regard.



The young people feel that the greatest advocates of nationalism are political leaders (37 percent) and humanist intelligentsia (13 percent). Very specific answers were given for the "second" category: "internal and foreign enemies," "uncouth persons from all levels," "narrow-minded people," "uneducated persons," "youth" (!), "older people".... Among those surveyed those who reject nationalism dominate: 52 percent of farmers and a whole 90 percent of technicians. Ambivalence, mixed feelings, or lack of interest was noted in every sixth person questioned (mostly in farmers), while nationalism was observed in only 13 percent of those surveyed. It seems that the young persons who live in villages, who are not members of a youth organization, and who have little experience with people of other nationalities are more disposed to nationalism.

What is the attitude of the young people toward Yugoslavism? For most this concept means that all our peoples and nationalities are close (29 percent). In second place are those who identify Yugoslavism exclusively with citizenship, belonging to the SFRY, and in third place is the reply "expressing socialist patriotism, loyalty to the self-management system of Yugoslavia." This answer was chosen by 18 percent of the young people.

The young persons also gave their opinions of the "Kosovo-Metohija theme." Two-thirds expressed concern over the events in this province, while one-third considers that the "situation is being dramatized in an exaggerated manner." Concern was mostly expressed by youth in Belgrade, by university students, and by technicians. Most of them worry about pressures brought to bear on Serbs and Montenegrins to move out, although the formulations differ. The young people are prone to see primarily as the main source of nationalism and separatism in Kosovo-Metohija the propaganda from Albania and nationalistic indoctrination of youth in Kosovo-Metohija itself (40 percent). Almost every sixth person mentions economic and cultural backwardness in Kosovo, and every seventh the nationalistic policy of the earlier government (14 percent), as the main sources of deviations. Nearly half of those questioned consider that implementing sharper administrative and legal measures against adherents to nationalism and separatism is important. The young people are fairly skeptical about when the situation in Kosovo-Metohija will be normalized: one-third actually believe normalization will never occur; 7 percent expect an improvement in relations only in the next century; 11 percent by the end of this century; 13 percent by the end of this decade, and every sixth person in a year or two.

When the young persons were asked to choose a single description that would best illustrate their relationship to the country in general, the majority decided on this viewpoint: "national affiliation is not significant; the person is important" (38 percent chose this type of answer). Every fourth subject selected a description reflecting cosmopolitanism--"national affiliation is not important; I feel like a member of mankind." National exclusiveness was indicated by only 4 percent of those surveyed--"my country means the most to me. Other nations are less worthy and are only a hindrance to the one to which I belong." Only one percent would like to belong to some other nation which they claim to value more than their own. Otherwise, farmers, high school students, workers, children of private entrepreneurs, and religious persons were most prone to national idealism.

13156/12859  
CSO: 2800/161

## SLOVENIAN SURVEY SHOWS SUPPORT FOR ALTERNATIVE MOVEMENTS

Zagreb DANAS in Serbo-Croatian 24 Feb 87 pp 22-24

[Article by Milan Jajcinovic: "The Outsiders Arrive"]

[Text] A survey of Slovenian public opinion shows that as many as 44.5 percent of adult Slovenians are willing to join various social movements, from ecological to peace movements.

Social movements are becoming an increasingly prominent part of Yugoslav, or more precisely Slovenian, reality. They can no longer be dismissed with a mere wave of the hand or vaguely proclaimed to be a handful of misguided outsiders. The 1986 survey of Slovenian public opinion showed that as many as 44.5 percent of adult citizens of Slovenia are willing to join various social movements, from ecology to peace. After all, for months now social movements have been filling the pages of the daily newspapers and the agendas of political forums, polarizing opinion toward rejection or acceptance in advance. The discussions of them go on unabated.

The most recent argument took place at a meeting of the SSOJ [League of Socialist Youth of Yugoslavia] Presidium (on 17 February). It was occasioned by the so-called initial materials entitled "The SSOJ and New Social Movements," which was to be discussed in the basic organizations after this meeting. The judges again split into opposing factions, that is, some of the young people expressed the opinion that "great harm would be done to the entire organization if discussion were to be conducted on the basis of this material, in that it is full of inaccuracies and has not presented an accurate picture of the situation," while others maintained that "it may come to the point where the new social movements become legitimate in the minds of the people." But because there was no softening of positions after several hours of discussion, a modus vivendi was arrived at, in the form of a resolution that "the working group (with its staff enlarged) is to put the finishing touches on the material by the time of the next Presidium meeting." Hence the "alternative groups" were discussed on only one more occasion (not a bad thing in itself), and nothing more has been forthcoming. Consequently, if we look back a little, we might find that their "progress through the institutions" began with suppression and was then postponed.

## Living with Nature

The Yugoslav "alternative groups" (a vague term to say the least) began their movement in Slovenia a little more than 2 years ago. Their beginning was institutional and may be traced back to the establishment of the Working Group for Peaceful Movements under the International Relations Council of the Republic Conference of the SSO [League of Socialist Youth] of Slovenia. Later the "peaceniks" were to be joined by the ecological and feminist movements, religious movements, and the homosexual movement. As a result of merging, nuclei (working groups) sprang up subsequently in a number of Slovenian cities (Maribor, Koper, Celje, Kranj, Ptuj), and seeds of similar movements began to sprout in Zagreb as well (Svarun, along with the already existant feminist section of the Croatian sociological association, Croatia Woman and Society), Rijeka (youth delegates and the struggle for filters on the Plomin), the working groups for social movements under the Serbian National Conference of the SSO [League of Socialist Youth] and the Belgrade Municipal Committee of the SSO; Woman and Society), and Novi Sad (an independent citizens' peace group). In addition, a Peace Culture Section is active in Ljubljana under the SKUC, as are also an ecology group, a working group for spiritual movements (under the Slovenian National Conference of the SSO), and two more or less exclusive institutions, a feminist club (Lilit) and a homosexual one (Magnus).

The most comprehensive and most extensively developed of the "alternative" groups is the Working Group for Peaceful Movements (which is active within the framework of the Serbian National Conference of the SSO). Its program has included six projects, such as "peace culture" (encouragement of political cultivation of public action), civilian service and conscientious objection (alternative to military service), the Three Country Committee (cooperation among the peace movements of Italy, Austria, and Yugoslavia--issue of a joint bulletin, organization of joint camp excursions and groups, promotion of cooperation among the peace movements of the unaligned and neutral countries of Europe; establishment of a nuclear-free zone in the Italian Furlani-Giulia area, where United States bases with tactical nuclear missiles are currently situated), the Yugoslav Network (cooperation between groups in Yugoslavia and collective participation in European campaigns), and women on the Regional National Committee and the DSZ (in connection with military service for women). In addition to the "peaceniks," there has been an especially large number of the "Greens" on the Slovenian social scene in the last few weeks.

They have called attention to the increasing pollution, neglect, and gradual extinction of forests ("Only the tree dies while still upright"), the air pollution, and the obsolete and dirty technology. They have demanded better usability of current energy potential and, especially after Chernobyl, suspension of nuclear power plant construction in Yugoslavia.

The campaigns conducted by the "alternative groups" have been accompanied by dilemmas, doubts, and perplexities (and sympathy, of course, most often as a direct reflection of these campaigns). The public has asked, and has more or less found out, what has really happened. People have been heard saying that "this is unsuitable for our society," "we already have legal institutions," but also that "this is a new personalism, a renaissance of humanism, and a

renewal of the value of the individual vis a vis the mystique of the organization." Social movements have also gradually made their way into the meetings of political forums, also causing widely varying questions (mostly by uninformed and dogmatically inclined minds) and lively disputes. The public has had intimated to it that the social movements (erroneously termed alternative) are merely a veiled attempt to create a negation of Yugoslav society while under the protection of this society, although social movements are not considered to be an alternative to this system but a part of it. The fact that they do not always operate within an institutional context may not automatically mean that they are also antisocial, inasmuch as "unlike the old social movements, the new social movements do not idealize social relationships. They do not want to assume power and carry out a social revolution. They have rather made their appearance to form new relationships, new forms of organization, which could directly satisfy the needs of individual interest groups."

As part of the now traditional survey of Slovenian public opinion (which began in 1966), Dr Niko Tos of the School of Sociology, Political Science, and Journalism in Ljubljana tried last year among other things to gage the attitudes of adult Slovenian citizens toward so-called alternative movements. The purpose of this enquiry was to determine how many people in general know about these movements, whether they have heard about them, their attitude toward them, and if there is any desire to take part in their actions. One of the questions was worded as follows. "In recent years various social movements (ecological and peace movements, movements to protect natural and cultural values) have arisen and developed in Slovenia. Have you heard anything about them? (If so, what place should such movements have in our society?)" As many as 60 percent of those polled have heard of the existence of social movements (according to Dr Tos, this is beyond all expectation), while 25.3 percent of them believe that they should operate "spontaneously and independently of sociopolitical organizations," 30.6 percent of those surveyed maintain that such operation should proceed "independently, but within the framework of the Socialist Alliance," and 3.8 percent think that independent organization is not necessary because the Socialist Alliance exists for this purpose. At the same time, 15.6 percent of the citizens surveyed do not know what place the movements should occupy and 23.9 percent have not heard of any such thing.

Dr Niko Tos sees the reasons for this markedly high degree of information of adult residents of Slovenia ("adult citizens of Slovenia rather than Slovenians") in the facts of everyday life, that is, in the circumstance that all these events are not the movement of a single group, a single social stratum, or a single metropolis, but are rather an expression of what takes place every day in Slovenia. And it boils down to realization of the need for protecting the forests, water, and the total environment and for improving the quality of life. Perception of these problems is not limited to any exclusive strata of society. On the contrary, it is coming to be a part of the general awareness of life in the world and symbiosis with nature. One-fourth of those surveyed are convinced that this can be accomplished by autonomous, non-institutional (and consequently alternative) action, while 36 percent of the persons surveyed reject this belief, inasmuch as "we have the Socialist Alliance." This merely demonstrates that there is aversion to what is new and

unusual as something that simply generates uncertainty and often confusion. Consequently, Dr Niko Tos believes that the dogmatic and statist concept of systems and democracy lives on in some minds, that the statist and the egalitarian syndromes have not vanished from Slovenia either.

#### Criticism of Weaknesses

Occasionally an attempt is made to reproach social movements as a whole (and they are indeed reproached) with wanting to impose themselves as a sort of alternative and opposition to society. The "alternative groups" reject this reproach and cite the fundamental principles of the movement: spontaneity, immediacy, pluralism, and autonomy, along with the basic conditions for operation of social movements under socialism, a lawful state, freedom of speech, thought, and association, and decentralization of power. Despite this fact, the social movements have not been spared (unjustified) criticism. Consequently, but at the same time in view of the fact that the bulk of criticism is due to ignorance (in Serbia, for example, as many as 65 percent of young people know nothing or very little about the movements, while three-fourths have their reservations about them), Milan Kucan, Franc Setinc, Joze Smole, and Nenad Bucin have come to the defense of the new social trends. In the words of Milan Kucan, chairman of the Presidium of the Central Committee of the League of Communists of Slovenia, "the alternative movements are the greatest criticism of the stage reached in democratization, bureaucratism, and bureaucratization of our society. Do not think that I am being naive and that I am unaware that the proponents of other political concepts want to utilize the movements or actually do utilize them, but they are in essence justified criticisms of our weaknesses. The public opinion surveys are revealing to us an increasing aversion on the part of the public to institutions and growing sympathy with the movements, aversion to what we conceive to be the Socialist Alliance. I think that it is senseless now to attack this as something that is against socialism and our political system. I also think that doing so takes us back to stereotyped judgments that do no good."

Very near Kucan's position, and expressed at one of the meetings of the SSRNJ [Socialist Alliance of the Working People of Yugoslavia] toward the end of last year, was the opinion of the president of the Socialist Alliance of Yugoslavia, Nenad Budin, who said that "I regard the problem as being that the SSRN is failing to accommodate these tendencies, which sometimes appear in an amorphous condition difficult to recognize, that it fails to introduce them into its discussions and current work, that it does not engage in democratic dialog, and that it is slow to free itself from the desire to dictate the terms of reference, although precisely it is the one that should be more flexible. What I think is involved is impermissible political nonchalance, a failure to perceive reality precisely to the extent that it must be known that these terms of reference can be arrived at only through violent argument. We think that our arguments will be acceptable to a person simply because they are ours. Other people have arguments too. Often there are more valid arguments outside the SK [League of Communists] than in the SK. This is a deplorable circumstance, but it is true."

Inasmuch as it is difficult for the Socialist Alliance to overcome its own inaccessibility, sterility, and current "hemaphroditism" (being simultaneously

an area for dialog and for transmission of government authority), different social movements are seeking and finding new areas and modes of action for themselves. At the same time, they are not considered to be a form of opposition, and even less as groups trying to seize political power, because the members of the movements do not rally around any ideological nuclei, nor does any force of attraction hold them together. They gather around what bothers them every day and what they see around them (pollution of the environment, the question of peace, the problems of outsiders--homosexuals, lesbians, and spiritual life), and they try to establish openness as a democratic corrective ("opposition") to state power.

Considering the fundamental demands of the Slovenian social movements, it is not surprising that Dr Niko Tos came to the conclusion that he did. In his survey of Slovenian public opinion he also asked those surveyed about civilian service during the compulsory military service period, inasmuch as there are people whose religious belief does not allow them to serve in the armed forces. The question was worded as follows: "In your opinion, should such persons be allowed to serve out their compulsory military service period in social services, hospitals, psychiatric establishments, homes for the elderly, etc, or should serving this period in the armed forces be insisted on?" A total of 44.9 percent of the persons completing the survey form decided on the option of serving outside barracks ("They should be allowed to perform civilian service"), while 19.5 percent were undecided, 1.85 percent were for something else, and 33.8 percent of those surveyed chose "insistence on their performing military service." The latter position was also that of the coordinating committee of the SSRNJ Federal Conference for ONO and DSZ, which toward the end of 1986 discussed the initiative of the Slovenian SSO Regional Conference in connection with civilian service during the compulsory military service period. The coordinating committee chairman, Colonel General Milan Daljevic, had the following to say.

"Introducing civilian service for compulsory military service would be a gross violation of the principle of constitutional equality of workers and citizens and would legalize a privileged position for individuals in defense as the most sensitive sphere of public life. Society has no right to push the sons and daughters of some citizens into the front ranks in battle while keeping others in sinecures in the name of conscientious objection. All young people who are mentally and physically sound and fit should serve out their compulsory military service period, with no exceptions, and in units and establishments of the JNA [Yugoslav People's Army], not in civilian life and in civilian establishments. This would not be military service but a caricature of it in a unique form of forced labor."

At the meeting, this statement served as the outline of a resolution rejecting the Slovenian idea as unacceptable. Dr Niko Tos does not ascribe this rejection exclusively to these military considerations, the level of Yugoslav cultural and historical development, the novelty of the idea itself, and failure to understand its essential nature. After all, according to Dr Tos, it is not a question of any boycott of the JNA or of "man subjected to repression by the system because of his convictions." Consequently, "it is not a criticism but a reaction to a situation unacceptable from the intimately

moral viewpoint"; hence it is a question here "of the problem of freedom and independence of the individual and not of an attack on the JNA."

Dr Tos buttresses his judgment with other figures from the survey showing the highest degree of agreement of Slovenian citizens with the institutional attitude of the JNA. In the survey, the League of Communists and the economic and political system received many more "black marks" than did the JNA, because of the disparity between what is proclaimed and what is real, this "once again confirming that Slovenians are not against the army."

The Slovenian "alternative groups" are not against the system (despite the fact that some persons declare Slovenia to be the weakest link in the system, chiefly because of these groups), nor do they want to be a sort of parallel organization and so an alternative to power. They are "restorers of critical consciousness, the promoters of a culture of dialog and tolerance." Precisely in the name of this critical consciousness is each of their actions open to criticism, but this cannot be a criticism which undermines the a priori nature of its prejudice, as is often the case in other parts of Yugoslavia. This is the reason why the majority of misunderstandings arise, inasmuch as the social movements are thought to be an alternative to society. But the movements and the reactions to them together give an indication that there are in Yugoslavia "major cultural, historical, and political differences, different abilities in realizing the fundamental institutional concepts and solutions, and differences in social and political climate" (Dr Niko Tos). This is why social movements exist in Slovenia but do not exist in Kosovo or Montenegro, because "the Slovenian reactions are suited to a highly developed urban structure and environment with a stable cultural base." Hence they cannot be negated precisely in this way, superficially and in passing.

6115

CSO: 2800/152

## POLITICALLY-NUANCED BOARD GAME DESCRIBED

Belgrade POLITIKA in Serbo-Croatian 14 May 87 p 9

[Article by V. Rupar: "Relay Baton as Game"]

[Text] "You are ordered to discuss topics from NOVA REVIJA [controversial Slovene journal]." "You are ordered to expose the fascist costume ball in Sarajevo." "You are ordered to Belgrade and Novi Sad to expel solidarity fund signatories from the LCY and the Journalists' Association." Such are some of the rules of a new game offered to readers of this week's issue of MLADINA of Ljubljana [Slovene youth journal].

The game is called "We Strengthen Brotherhood and Unity with the Relay Baton." A map of Yugoslavia, on which 32 cities are marked and joined in squares as in the game of "Don't Get Mad, Fellow," is accompanied by four tables: "Relay Circuit," "Directives and Assignments," "Destiny," and "Political Dialogue." As to the game itself, all players start out from the Triglav peak and throw dice to determine the number which will denote their progress with a reading from one of the tables. For starters, just any city needs to be reached. With luck, a five or six on the dice, a player wins the title "champion of self-management." The relay is otherwise called "Tito, Socialism, Self-Management, Nonalignment, and Peace." With 10 titles, 10 cities reached, a player becomes a bearer of the baton. Players are supposed to carry the baton to all republic and province capitals, followed by a journey to Belgrade in conclusion, where the bearer will be greeted--according to the authors of the game--by a "lavish supper and cultural/artistic program including a set of songs and dances by all of Yugoslavia's constituent peoples and ethnic groups." However, there are also obstacles. The basic rule of the game--that the throw of the dice determines the number of squares to pass--is disrupted by specially marked squares: DIZ (directives and assignments) and C (destiny). On these squares, further progress is determined by the throw of the dice and a reading of the table; an explanation is also provided as to why the player is rewarded or punished.

The explanations are the most interesting and most provocative elements in this game. "By directive" you can "sell Lendava and overhaul FENI and Obrovac," "ban MLADINA and KATEDRA," "prevent Serbs and Montenegrins from migrating prematurely from Kosovo," "deliver a speech at the tomb of a former politician and assert the moral suitability of the bearer of the baton," "interrupt a strike at Labin," or "arrest 400 persons in Mosevac" [references to recent or



current controversies]. On the other hand, "Destiny" cards return the player to some city: to Kumrovec for a course at the political school, to Zenica to inspect the reformatory, to Foca to draft the Foca ordinances, to Maribor to read an interview with Djilas, to Sabac for a concert by Semska Suljakovic, to Djevdjelija to smuggle furs, or to Prestina to flee from demonstrators.

If two players land on the same square, a "political dialogue" begins. The throw of the dice determines who wins and loses and why: "Your opponent has asserted that you are an anarcholiberal, you lose three titles"; "you flopped at the ideological plenary session, you lose one title"; "Your mudslinging skills are superior, you win two titles"; "You have been superior in speaking out against the bourgeois right, you have won three titles of champion of self-management." If "a speech was tedious," the "political dialogue" ends.

This true index of situations of interest to the public in one way or another could be extended, the authors of the game suggest, according to the imaginativeness of the players. The initial reactions of readers, according to MLADINA vendors, point up the "positive effects of the game in strengthening the people's spirit, with a trend toward further improvement."

Political mistakes, problems, dilemmas, anxieties, and occurrences, enumerated in this way and reduced to the level of a board game without reference to official appraisals, can be truly amusing but also confusing. The irony with which young people are themselves for collisions with everyday politics, so the sociologists tell us, infuses the new game on the pages of MLADINA. Any other analysis is a matter of entertainment and individual political taste.

/9716

CSO: 2800/209

## USSR-CEMA PIPELINE NETWORK VIEWED GAS/COAL/OIL

Prague SVET HOSPODARSTVI in Czech No 7, 1987 p 1

[Article by Jirina Vanova: "For Effective Resource Utilization; 25 Years of Operation of Friendship Pipeline an Example of USSR-CEMA European Member Country Cooperation"]

[Text] Pipeline transportation within the CEMA already has a long tradition. On 14 January 1962 the Friendship oil pipeline began operations, providing a conduit for "black gold" from the Soviet Union to flow to Hungary, Bulgaria, the GDR, as well as to Czechoslovakia. CEMA member country participation in the exploitation of this mineral resource through the construction of long-distance, investment-intensive oil and gas pipelines and the delivery of equipment makes it possible to begin mining even under the most extreme conditions in CEMA member countries and to obtain in this way much needed fuel.

The Soviet Union has immense fuel and energy reserves at its disposal. Crude oil accounts for 42 percent of total fuels extraction, natural gas for 33.3 percent, and coal for 23 percent. During the current 5-year plan natural gas is scheduled to become the largest percentage of the total. In the 11th 5-Year Plan the USSR extracted the greatest amount of gas in the world, and high extraction rates are slated to continue in the 12th 5-Year Plan as well. This is evident from the following statistics from Soviet Yearbooks:

	production and extraction		increase	
	<u>1985</u>	<u>1990</u>	<u>for 11th</u> <u>5-year plan</u>	<u>for 12th</u> <u>5-year plan</u>
crude oil including gas condensate in million tons	595	635	-8	40
natural gas in billions of cubic meters	643	850	208	207
coal in millions of tons	726	795	10	69

Experts estimate that the Soviet Union will be able to maintain current extraction rates for natural gas into the middle of the next century. Prospecting has indicated that almost 50 percent of the entire territory of the USSR is potentially favorable for extracting oil and gas. Gas reserves are estimated at 32-34 billion cubic meters. The largest reserves are in the Urengoi and the Tumen oblasts, where approximately 7 billion cubic meters of gas lie under an area of more than 6,000 square kilometers. The reserves in this field exceed the combined reserves of such gas-rich countries as Algeria, Mexico, Canada, the Netherlands, and Great Britain. The Urengoi reserves are enough to supply the annual needs of an industrially mature area of 40 million inhabitants with raw materials, fuel, heat, and light.

With these huge reserves the Soviet Union satisfies not only its own requirements but also covers the fuel and energy deficits of other European CEMA countries, which are only capable of meeting some 70-75 percent of their total energy needs. Deliveries of crude oil and natural gas are especially important. In return the socialist countries ship to the Soviet Union mining equipment, or work teams participate directly in building oil and gas industry installations and support facilities.

The following data illustrate the value of oil and natural gas imported by European CEMA countries from the Soviet Union in 1985 (in millions of Soviet rubles):

<u>USSR exports to:</u>	<u>crude oil</u>	<u>natural gas</u>
Romania	388.5	60.7
Bulgaria	2,211.0	654.2
CSSR	2,924.4	1,125.0
GDR	3,106.4	747.8
Poland	388.5	220.0
Hungary	1,476.0	477.7

Source: FOREIGN TRADE (VNESNAJA TORGOVLYA) 1985, Finansy i statistika, Moscow, 1986.

Because the main gas and oil fields are located in the Ural-Volga areas, in western Siberia, the Ukraine, in western Kazakhstan, and Central Asia, a network of oil and gas pipelines has had to be built to transport the oil and gas to places of processing and consumption. Pipeline transportation is less expensive than any other mode of transportation; it is less expensive than rail transport by at least a factor of two, while for natural gas there is really no alternative mode available.

The European CEMA countries also participate in the actual construction of long-distance oil and gas pipelines. The most successful method has been to assign the construction of specific lengths of a given pipeline to specific countries. Joint efforts such as these completed the Friendship, Brotherhood and Union pipelines. In 1985 the Urengoi-Pomary-Uzhorod pipeline was completed that delivers natural gas to Western Europe. The Progress pipeline is currently under construction.

The first joint project of this type was the Friendship pipeline which was built by experts from the Soviet Union in conjunction with experts from Hungary, the GDR, and Czechoslovakia. Our builders contributed a 121-kilometer section to the total 5,500 kilometer length of the pipeline (including all spur sections). Crude oil has been flowing through this pipeline from the Kuibishev oblast since 1962.

Crude oil deliveries have become the foundation, in the countries of the socialist community, for the establishment of huge industrial facilities for crude oil refining. These facilities include one at Plock (Poland), one at Schwedt (GDR), one at Burgas (Bulgaria) and one at Bratislava in the CSSR and has facilitated the development of a chemicals industry.

Another facility that has been built through CEMA cooperation has been the Friendship trans-European pipeline. Since 1973 it has been delivering natural gas from fields in western Siberia across our territory to the GDR, the FRG, Austria, Italy and France. Eventually it will reach Hungary, Bulgaria and Romania. Its length of 5,000 kilometers ranks it among the longest pipelines in the world.

One of the tasks in the Comprehensive Program for Further Improving and Expanding Cooperation and Developing Socialist Economic Integration Among the CEMA Member Countries has been building the Union gas pipeline, which began operations in October 1979. This pipeline is 2,750 kilometers long and was built with the cooperation of Bulgaria, the CSSR, Hungary, the GDR, Poland and the USSR. It runs from the Orenburg oblast to the western border of the Soviet Union, and from there to the participating countries.

A third, large Soviet long-distance export gas pipeline is the Urengoi-Pomary-Uzhorod pipeline that was opened in September 1983. This pipeline is 4,500 kilometers long. Siberian gas is being delivered along this pipeline right to Western European countries.

This pipeline is interesting in that it took only 1 year to build. Construction workers from the GDR, Poland and Bulgaria, the countries that cooperated with the Soviet Union on this project, all fulfilled their tasks well. This pipeline delivers 32 billion cubic meters of gas annually to firms in the USSR, but also to socialist countries, and along to France, Austria, the FRG, Italy and other countries. This pipeline is unique not only technically, but also because it was built in spite of numerous discriminatory measures by the USA.

The Progress gas pipeline, construction on which was begun this year, will be exclusively for CEMA countries. This 4,605-kilometer-long pipeline will run from Jamburg in northern Siberia to the western border of the USSR. It will be almost twice the length of the Union pipeline and 150 kilometers longer than the long-distance transport of gas from Siberia to western Europe. It is to be completed by 1989 through the joint efforts of the Soviet Union, Bulgaria, the CSSR, GDR, Poland and, for the first time, Romanian experts will participate in the construction of a pipeline.

In the more than 25 years of cooperation in pipeline construction between the member countries of the CEMA thousands of kilometers of gas and oil pipelines have been laid and tens of compressor stations built. The total length of long-distance oil and gas pipelines in the Soviet Union exceeds 80,000 kilometers. In 1985 these pipelines moved about 700 million tons of oil and petroleum products. The following CEMA statistics provide the corresponding figures for the CEMA member countries.

Crude Oil and Petroleum Products Transported by Pipelines (in million tons)

	<u>1980</u>	<u>1983</u>	<u>1984</u>
Bulgaria	3.1	15.6	20.1
Hungary	16.9	15.4	16.5
GDR	41.6	37.2	37.3
Poland	40.7	39.3	39.8
Romania	22.5	19.3	20.6
CSSR	21.5	19.1	18.8

Even though the total volume of oil and gas extracted and transported by pipeline is increasing every year, we must not lose sight of the fact that the extraction itself and the transportation are becoming more and more costly in terms of investment, thus reducing economic efficiency. This is largely due to the fact that the main mining centers keep shifting to eastern and northern regions far from consuming locations, where climatic and geological conditions are difficult. The situation is still further complicated by the growing costs of environmental protection. In the USSR it is often pointed out that the technico-economic conditions of extraction have worsened in the past decade far faster than technical advances have been implemented to compensate for this.

We must therefore change fundamentally our investment and structural policy in the extraction sectors and place much more emphasis on the modernization of extracting equipment, conserving existing reserves, and on improvements in the quality of our extraction processes. The further expansion and improvement of socialist economic integration within the CEMA will also play a major role in improving performance.

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CCSO: 2400/168

## 'TIR' ECONOMIC TRUST EXPERIENCES SETBACKS

Sofia OTECHESTVEN FRONT in Bulgarian 16 Apr 87 p 2

[Article by Mikhail Gorinov and Petur Moev, OTECHESTVEN FRONT special correspondents at MAT [International Motor Transport; Transport International de Marchandises par la Route (TIR)] Economic Trust: "Pazardzhik--Crossroads of Land, Sea and River Routes--Unit Accomplishing 1st-Quarter Plan despite Unusual Difficulties--Future Lies with Heavy-Cargo and Outsize Transportation"]

[Text] At the start we had to make a diagnosis. Actually, everybody does it that way. Before they pack their suitcases, their pockets are swollen with scores of bits of historical, political and geographic information about the country and the places they are traveling to. Impending for us was a visit to the Pazardzhik operational enterprise of the TIR Economic Trust. But before the "takeoff," we tried to make a more or less accurate and true preliminary case history of the international motor transport market. We were helped by the Western press, which recently in an uncharacteristically frank tone said that the international situation had become extraordinarily complicated, seriously affecting the crisis that had set in in the international motor transport market. Both imports and exports of countries had fallen, especially for the Near East. . . .

We were also helped by the conversation we had with the general director of the TIR Economic Trust, Aleksandur Popov, and the trust's development director, Anastas Vulkanov

"The diagnosis is not optimistic. The international situation continues to worsen. There is hardly any point in our explaining the reasons for this. The war in the Near East between Iraq and Iran continues, too. There is still restlessness in Lebanon. Nor is there smooth sailing in the Mediterranean. Until recently the main river artery, the Danube, was icebound. Certain circles in the West under EEC pressure have been intensifying their discrimination against the TIR Economic Trust. Moreover, they have put the mass information media to work to this end, as well. And they stop at nothing. They use every kind of falsification. Still fresh is the example of the second French television program, which last year broadcast a defamatory film about the TIR Economic Trust. This was not the first, nor the last broadcast of this sort . . . .

"On the other hand, competition within the international motor transport market itself has become incredibly exacerbated. A number of countries, which 4 or 5 years ago did not have their own heavy-cargo motor transport and relied mainly on foreign transportation, have created their own transportation firms, outfitted with new equipment. . .

"There are many, incredibly many difficulties accompanying our international motor transport activity," said Aleksandur Popov in conclusion. "What was needed in order for us to preserve the prestige and key role of the TIR Economic Trust in this difficult time were moral strength, steadfastness, flexibility in adapting to the new situation, reorganization of several types of transportation, and proverbial industriousness. And I think we succeeded. But the credit for this goes primarily to the working people, to our units. You will see this for yourselves when you visit Pazardzhik. . ."

We have long known the workforce of the Pazardzhik unit. We know the director, Engr Angel Surlekov, too. He is one of those clean, modest and good people, who take the setbacks and pain of his personnel as his own. He has been in charge for approximately as many years as the enterprise has been in existence. His hair has begun to turn gray. He remains the same, however, young, daring, an optimist. He has not dropped the conductor's baton even during the severest storms.

And recently there have been winds and storms in abundance. . . The fleet of vehicles had been the same for years. A little worn, the worse for wear, but still did the job. This, however, was not the trouble. The trouble was that it was superfluous in quantity and state of the art. There was also a surplus of drivers. Where was work to be found to make use of the entire fleet of vehicles and manpower? The plan is a law that has to be accomplished, item by item, area by area, economic indicator by economic indicator. The winter had frozen up the roads of Europe and the Near East, wherever there were enterprise connections. The Danube water artery was frozen over, too. Cold and frost enveloped the international market, as well. Was there a way out, would they cope, or would they fail? What had to be done to extricate themselves from this state of affairs? These were questions that occupied and continue to occupy the management of the enterprise day and night.

Balking is alien to this workforce. This was not the first time for them. And they began to solve the new problems one after the other. The fleet of vehicles was subdivided into three units: the first, and most numerous and active, with the most highly skilled and excellent drivers, The Pazardzhikians' fleet of vehicles scoured the roads (ships of the TIR Economic Trust brought citrus fruits from Cyprus to Burgas harbor) between Bulgaria, Ireland, France and England. Some of them were drawn into other connections--for Iran and for transportation for the Soviet Union. And until the ice on the Danube broke up and full trailers with goods from Passau (FRG) and Linz (Austria) drew alongside the quay at Vidin harbor, their truck tractors took them and continued the route to their consignee in the Near East.

The second unit was assigned to domestic transportation. And here the TIR Economic Trust men confirmed their high quality--they did twice as much as targeted!

The third unit--the least numerous and shabbiest, not to mention antiquated--was left in operational reserve, i.e., "frozen." No expenditures were made or depreciation allowances taken on its vehicles. And their drivers were reassigned for different periods of time to urban transportation and to other enterprises.

This is the way the Pazardzhikians solved this problem, and with great economic effect to boot. More transportation with fewer vehicles, with higher-volume work, with fewer drivers. They also halted the importation of spare parts and saved valuable foreign exchange. They set up a small enterprise to recondition assemblies--axial assemblies, kantali [not further identified], dynamos, front and rear axle assemblies and other parts which are reused. They do not discard slightly worn tires that have full mileage on them, but reclaim them and get an additional 70,- to 80,000 km with them.

If there is still anything that distinguishes the Pazardzhik enterprise from the rest, it is the operational multi-purpose brigade for the transportation of outsize, large-tonnage freight. Their connections--from Europe to the Near East and back--are quite difficult. Always and mandatorily conveyed via Turkey, this transportation also yields the enterprise's best profit. Everybody in this brigade, headed up by Engineer-Brigadier Stoyanov, has passed a special course. The most highly skilled mechanics, drivers and technicians are employed in it. Repairs are faultless and speedy. No down time is permitted. It is hard for anybody who has not seen them to imagine these nonstandard consists. The Golkhofer [not further identified] trailer type has the enviable capability of stretching according to the cargo, of twisting like a snake and taking curves with ease, while the powerful Mercedes truck tractors with two differentials develop a speed of 100 to 120 km per hour regardless of cargo weight.

The good result of this type of transportation, as well as the appearance in the market of an ever greater number of outsize cargoes, has prompted the enterprise's management not only to expand specific transportation, but also to improve it. Specialists are now preparing suitable technology.

Director Angel Surelkov took us into the enterprise's yard to show us the new covered truck wash, outfitted with wonderful equipment put into service quite recently. Instead of one, there are two machines and they wash the huge bodies of the heavy-cargo trucks crystal clean. He also showed us the site where the diagnostic-laboratory and warehousing facilities will be built. We saw also the soon-to-open traffic safety club, in which there is such modern video equipment that anybody would envy the club.

Before we said farewell, the chief of the planning division interjected information about the successful accomplishment of the 1st-quarter plan of the TIR Economic Trust's units. But we already knew that the percentage of accomplishment in respect of all indicators was over 102. General Director Aleksandur Popov is right. "With a workforce like that at Pazardzhik, we can extricate ourselves from any kind of difficult situation."

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CSO: 2200/88



## EHRENBERGER DISCUSSES ENERGY POLICY, PLANS

AU281156 Bratislava SMENA Weekend Supplement in Slovak 10 Apr 87 pp 1, 6, 7

[Interview with Engineer Vlastimil Ehrenberger, CSSR minister of fuels and energy, candidate of sciences, by Rudolf Gallo: "Certainly Tonnes, Cubic Meters, Megawatts of Cooperation"; place and date of interview not given]

[Excerpts] [Gallo] The consumption of primary energy sources in Czechoslovakia increased from 38.2 million tonnes of specific fuel in 1955 to 102.9 million tonnes in 1980, that is, almost threefold. Considering the requirements of the further intensive development of the national economy and of the steadily increasing living standards of the population, what would be the optimal consumption of these resources in the year 2000?

[Ehrenberger] All considerations on the consumption of fuel and power resources must proceed from two mutually connected viewpoints. On the one hand, the development of society in a law-governed process leads to growing consumption; the costs of acquiring energy resources, on the other hand, are constantly growing. In 1985 we had to spend almost 80 percent more than in 1980 just on imports of fuels and power. In the same period, the costs of ensuring total domestic consumption of primary energy resources increased from Kcs 43.4 billion to almost Kcs 81 billion.

What will be the distribution of energy resources? Our domestic resources are not sufficient and we are thus dependent on imports to a certain extent. In the 1981-85 period we imported 36.9 percent of primary energy resources. Only with regard to coal and uranium ore reserves are our domestic resources sufficient; with regard to natural gas we are dependent on imports for more than 90 percent of our consumption and, concerning crude oil, for all practical purposes we are totally dependent on imports, which we secure from the Soviet Union.

A characteristic feature of the eighties is a gradual transformation of our fuel-energy balance, in which the main role is played by the development of nuclear power generation and the growing consumption of natural gas. At the same time we are trying to make the most efficient use possible of our domestic energy resources and gradually reduce the proportion of crude oil products in energy consumption, that is, to lower imports of crude oil. Between 1980 and 1985, crude oil imports declined by more than 2 million tonnes, while

imports of natural gas increased by 1.8 billion cubic meters to almost 10 billion cubic meters.

The outlook up to the year 2000 proceeds from the strategy of reducing the national economy's energy-intensiveness. In the years of the Eighth 5-Year Plan domestic consumption of primary energy resources should increase by 2.9 million tonnes of specific fuel to a total of roughly 109.6 million tonnes of specific fuel. The same approximate growth rates are also foreseen for the remaining 5-year periods up to the year 2000. These resources should secure a two-thirds increase in national income compared with 1985; at the same time, the energy-intensiveness of creating national income should decline by one-third.

[Gallo] The entire planet is facing one of the most serious problems of the last decades--to secure enough money for the future. The general assumption is that there are only three realistic ways of tackling this problem, apart from fuel and energy conservation. First, a further development of the use of coal; second, the maximum utilization of the hydroelectric potential; and third, giving the green light to nuclear power generation. Do these three paths hold true for our country as well?

[Ehrenberger] We rely on our domestic coal deposits, but for a number of reasons in the future we will not be able to sustain the extraction and consumption of this fuel at its present level. This would be uneconomical, also in view of the growing importance of coal as an important industrial raw material.

The acquisition of energy from waterways in our republic is restricted by our relatively limited hydroelectric potential. All the big rivers have already been practically utilized from this viewpoint, with the exception of the Danube, on which we are building a large hydroelectric power project in cooperation with the Hungarian People's Republic. We also contemplate similar cooperation with Austria. We have given the green light to the construction of small hydroelectric power stations which, however, will only be local resources and will have no great impact on the overall balance sheet of electricity generation. Hydroelectric power currently accounts for around 5 percent of this balance sheet, depending on water levels; this proportion should increase to 7 percent by the year 2000.

All increases in consumption of electricity will thus be covered by nuclear power, which will also partially replace electricity generation from conventional coal-burning power stations. These currently ensure about 75 percent of total electricity generation in the CSSR; this proportion should drop to almost 40 percent by the year 2000. The proportion of nuclear power stations, on the other hand, should increase from roughly 21 percent today to more than 50 percent.

Today we operate seven VVER 440 reactors, each of which has a power-generating capacity of 440 megawatts. Four of them are in Jaslovske Bohunice and three in Dukovany; the fourth Dukovany unit will become operational this July. In 1986 our nuclear power stations generated 17.86 billion kilowatt hours of electricity, which was more than one-fifth of total electricity generation in the CSSR.

The completion of the four 440 megawatt units of the Mochovce nuclear power station--these units will become operational between 1989 and 1992--will mark the end of the stage of building VVER 440 reactors. The nineties and the years thereafter will be marked by the VVER 1,000 reactors, which have a greater capacity. The first nuclear power complex of this kind is being built in Temelin; once completed, it will have an output of four times 1,000 megawatts. The first unit is scheduled to be inaugurated in 1992, and the last one should become operational by December 1996.

The further program of developing nuclear power generation proceeds from the premise that by the year 2000 we ought to have at our disposal an installed capacity of at least 11,280 megawatts. Our nuclear power stations will also be used to supply heat to the industrial sphere, agriculture, and the public. The question of separate heating plants is at present also being examined within the framework of the CEMA countries. In the CSSR we are considering the construction of these plants in localities which, for technical or economic reasons, cannot be supplied with heat from other sources.

If we wanted to proceed further with our nuclear power plans, to the period beyond the year 2000, we would have to talk about fast breeder reactors, which can extract from uranium about 50 times more energy than today's pressurized water reactors, thereby extending by a multiple factor the life-span of the world reserves of nuclear fuel.

[Gallo] We will secure the crucial increment in natural gas resources through our participation in the international integration projects of the USSR's territory. Which additional projects are being planned after the Progress gas pipeline, and what demands will this call forth from the viewpoint of the transit and distribution network, that is, what prerequisites will have to be created for disruption-free supplies?

[Ehrenberger] Next to nuclear power, natural gas is considered to be the most promising resource for the coming years. That is why during the ongoing restructuring of the fuel-power complex we are focusing on its increased utilization.

Our natural gas resources in 1986 totalled 11.58 billion cubic meters, of which 10.82 billion cubic meters were imported. Natural gas imports should increase 40 percent by the end of this 5-year plan. Higher payment in kind in return for conveying an increased amount of natural gas through our transit gas pipelines will account for some of this increase. Higher deliveries in return for our current participation in the integration projects in the USSR will also begin to make themselves felt as of 1989.

Deliveries will gradually increase according to the speed at which we hand over individual building projects to the Soviet partner, and by 1995 they will reach the agreed level of 5 billion cubic meters a year, an amount that is guaranteed to us for a period of 20 years. Similar integration projects are also contemplated for the future.

A number of measures are necessary to ensure the international conveyance and intra-state distribution of Soviet natural gas. First and foremost, it will be necessary to raise the annual transportation capacity of the transit system from 53 billion cubic meters today to more than 70 billion cubic meters. Domestic transportation stations will be further expanded, new long-distance gas pipelines will be built, and reconstruction work will take place on the "Brotherhood" gas pipeline.

Owing to the great proportion that heating takes up within gas consumption, we consume up to 70 percent of all gas in the winter heating period. The great difference between deliveries and consumption in the cold months is offset by reserves in underground gas reservoirs. We currently store as much as one-fifth of total annual consumption in these reservoirs. A new reservoir at Dolne Dunajovice with a storage capacity of 700 million cubic meters is scheduled to be put on a trial run in 1988.

To ensure continuous gas supplies, we will extend the network of high-pressure gas pipelines by roughly 15 percent and will simultaneously modernize local networks, which are 10,500 km long and which are obsolete in many places.

The orientation toward natural gas permits us to reduce the production of city gas and to gradually switch consumers over to the new fuel. In the years of this 5-year plan alone, this conversion will affect 370,000 consumers. It should be completed by the year 2002. In Slovakia additional villages are to be linked to the gas distribution network, adding 330,000 new consumers of natural gas by the year 2000.

[Gallo] An important task in developing the energy sector is to reach a higher level of electrification of the entire national economy. Which direction will the construction of new power stations take and how will cooperation develop between our electricity grid and the grids of the CEMA member countries?

[Ehrenberger] I would like to stress once again that in the years to come we will rely primarily on nuclear resources. The stage of building coal-burning power stations ended at the beginning of the Seventh 5-Year Plan with the commissioning of the last unit of the Prunerov Nii power station. In the year 1990 nuclear power stations will supply as much as 25 billion kilowatt hours out of a total electricity generation of between 87 and 90 billion kilowatt hours, which is about 10 percent more than total electricity generation in 1985. By the year 2000, total installed power generating capacity of our electricity grid should reach roughly 30,000 megawatts and annual production should amount to somewhat less than 120 billion kilowatt hours. In harmony with growing living standards, consumption by small consumers will increase from the present 25 percent to approximately 30 percent of total electricity consumption in the CSSR.

The other direction is the construction of hydroelectric power stations. The first generator at the Gabčíkovo-Nagymaros system of hydroelectric power projects will become operational at the end of the Eighth 5-Year Plan, and in the subsequent 5-year plan the Czechoslovak part of the project will reach its full capacity. We also plan to construct hydroelectric power stations at Zilina, Sered, and Strecno, which will have an aggregate capacity of 250 megawatts.

The high level of electrification accentuates the importance of covering the hours of peak electricity consumption. Pumped-storage power stations play an irreplaceable role in this. In the Ninth 5-Year Plan we will add the 650-megawatt Dlouhe Strane power station in the Jeseniky mountain range to the existing pumped-storage hydroelectric power stations, and for the period after the year 2000 we are planning the construction of additional giant pumped-storage power stations with an output of up to 1,000 megawatts.

As far as cooperation among socialist countries in the field of electric power is concerned, development up to the year 2000 is subject of a document that will be discussed and approved by the supreme CEMA authorities. In view of its location, the CSSR is an important link in the interconnected power grids of the European CEMA countries. Seven 400-kilovolt and four-220 kilovolt transmission lines link us with the neighboring states.

To increase the operational reliability of the interconnected electric power grids in the years to come, variants are being examined of reinforcing the network between the USSR and other CEMA countries through the construction of new 750-kilovolt alternating-current lines, the construction of an inserted direct-current station [vlozena rovnosmerna stanica], or with a combination of these two methods. However, before adopting a final decision it will be necessary to assess these variants in detail from the technical and economic viewpoints.

[Gallo] In connection with the use of fuels and other energy resources, the issue is often being stressed, and justly so, of the energy sector's negative influence on the environment. What specific projects will be carried out in the years to come for us to put as little strain on the environment as possible?

[Ehrenberger] The present calls for immediate measures to protect the environment, which has been considerably disrupted. To honor its international commitment, the CSSR must reduce sulfurous emissions 30 percent by 1993. Our sector, which is a large-scale polluter owing to the nature of its activity, is therefore facing important tasks in this regard. By the set deadline it must take a number of measures to limit the emissions of the installation under its jurisdiction by 500,000 tonnes annually.

We have stopped building coal-powered power stations. Switching the production of electricity and, later, the production of heat to nuclear resources permits us to reduce the consumption of coal for power. Let me say just for the sake of illustration that one 1,000-megawatt nuclear reactor replaces a conventional power station of the same capacity that would produce 200,000 tonnes of sulfur dioxide by burning 4 to 5 million tonnes of brown coal. This coal would also need to be extracted and transported, which--along with the disposal of large amounts of waste--also has a negative impact on the quality of the environment.

A contribution to further reducing emissions will be made by the construction of desulfurizing installations at large coal-burning power plant units. One such installation is under construction at the Tusimice II power station. It

will operate on the basis of the cyclical magnesite method and the first part of it is scheduled to be put on a trial run this year. The provisions of desulfurizing equipment is also planned for the Pocerady, Tisova, Melnik, and Novaky power stations.

Solid pollutants represent another area to which we pay systematic attention. For a number of years our sector has been implementing a program to reconstruct electric separators [elektroodlučovace], which very effectively intercept these solid pollutants. The annual amount of emitted solid pollutants should decline by more than 220,000 tonnes by 1990, compared with 1980, to approximately 370,000 tonnes a year.

Our longest experience is that with amelioration work ensuring the reclamation of land resources that were temporarily appropriated for coal extraction. Within the jurisdiction of the Ministry of Power and Fuels we annually carry out amelioration work worth Kcs 0.5 billion.

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## JAKES VISITS GOTTWALDOV DISTRICT

AU270836 Prague RUDE PRAVO in Czech 17 Apr 87 p 3

[CTK report: "Comrade Milos Jakes in Gottwaldov District; Let Us Look For Solutions At Our Own Worksite, Not Somewhere Else"]

[Excerpts] Milos Jakes, Presidium member and secretary of the CPCZ Central Committee, acquainted himself with the implementation of the results of science and technology in practice in the Gottwaldov district on Thursday [16 April].

In the TST [Plants For Engineering Machinery] concern enterprise of the Precision Engineering Plants he inspected workshops in which numerically controlled machine tools are being manufactured.

In the Agrokominat Slusovice united farmers cooperative he inspected the Hrobice biotechnology enterprise. He expressed interest in the prototype of the TNS microcomputer intended for teaching in schools.

Afterward, Milos Jakes addressed a district-wide aktiv, attended by some 800 ranking party and economic personnel, people awarded state decorations, and leading workers.

In the opening part of his speech he spoke about the results of the visit to the CSSR by Mikhail Gorbachev, CPSU Central Committee general secretary. He stressed that Czechoslovak citizens had demonstrated their faith in and support for the USSR's policy, which is the guarantee of preserving of life in peace, of the further development of socialist community. Issues pertaining to a joint course in accelerating socioeconomic development have come to the foreground. The concept of the international division of labor between the USSR, CSSR, and other CEMA countries worked out for the next 15-20 years will become its foundation.

"A faster introduction of the findings of science and technology into practice is the foundation for the accelerated development of our society. Only in this way is it possible to make production more effective, raise labor productivity, improve the quality of products, and such like. Untapped resources also exist regarding involvement in socialist economic integration, and in deepening specialization and cooperation," he said.

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## ENGINEER INTERVIEWED ON JOINT PHILIPS-TESLA VENTURE

[Editorial Report] Bratislava VECERNIK in Slovak on 21 April on page 3 carries a 1,200-word interview with Engineer Dezider Mistrik, general director of the Tesla - Consumer Electronics concern, and Van den Tuinder, general director of the video division of the Dutch Philips Company, by Juraj Tevec, entitled "'Sewing' Videos Instead of Shirts." The date and place of the interview are not given. The interview deals with the "Avex" production company, a joint venture between Tesla of Czechoslovakia and Philips of Holland for the production of videorecorders, which was formed in Bratislava on 14 April. The Bratislava-based company will start its video recorder production next year when it will manufacture the first 100,000 units. It is to reach full capacity by 1993 when it will manufacture 500,000 units.

The interview reveals that "Avex" is a "shareholding production company" in which Philips has a stake of 20 percent, Tesla a stake of 70 percent, and the Czechoslovak Transakta foreign trade enterprise a stake of 10 percent. While the Dutch firm will supply the production equipment and industrial knowhow, Tesla will provide the "industrial infrastructure," and Transakta "commercial support." The videorecorders are to be supplied to the domestic market as well as to export markets, including markets "that have until now been dominated by Japan." In the initial stage, materials and components will be supplied by the Austrian "Ostimpex" company, a Philips subsidiary, but gradually domestic producers and producers from other CEMA countries will take charge of these supplies. Philips representatives will "in the nearest future" conduct talks with Czechoslovak producers of electronic components; an agreement with an unnamed Soviet partner is in the works and cooperation is also sought with Bulgaria, which produces video cassettes.

The new enterprise will be located on the premises of the former "Zornica" textile factory in Bratislava, which will also provide two-thirds of the workforce, with the remaining one-third coming from Tesla's own workforce or from other Bratislava enterprises. Labor productivity in the "Avex" enterprise is to be three times higher than in the Tesla "home company."

According to Van den Tuinder, Philips has chosen Tesla "as its only partner from a socialist country until now" because of Czechoslovakia's "rich technological tradition" and because it considers Tesla to be "one of the best socialist producers" in the field. Philips will treat "Avex" as one of its own enterprises and all the results of its own research will be "rapidly



applied" in Bratislava. Philips also "counts" on Tesla technicians and designers to take part in the innovation of individual models.

According to Mistrik, two different videorecorder models were considered for production. The first model lent itself to mass production and would have permitted an annual output of 1 to 1.5 million units. However, because the production of this model would have required some "special plastic materials and metals that would not be domestically available in the years to come," its production would have been more demanding in terms of hard currency imports and the plan was dropped. The model that was finally chosen, VM 64 65, is thus "more suitable," in view of the availability of components from domestic producers, even though the maximum production capacity (which is to be reached by 1993) will be only 500,000 units a year. Mistrik asserts that the specifications of this model are of a "high standard" and that there is a guarantee that "Avex" will profit from all the improvements in its design.

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CSO: 2400/267

## SLOW PACE OF ROBOTIZATION CRITICIZED

Prague SIGNAL in Czech No 2, 1987 p 6

[Text] Earlier we met up with this little fellow, usually made of steel, only in science fiction films or stories. A robot--we have said and still say to ourselves, if only we could get such a metal helper on a silver platter. A robot--it is called that by a Russian and by a Hungarian, a German, or an Englishman. The little 5-letter word which has become an international concept first appeared, as many of us well know, on the stage, which means the world, in the premier of Karel Capek's play "R.U.R." Our outstanding prose writer had no idea at that time that this word would spread throughout the entire world and that the production of robots in time would become not just a matter of dreams, but would become one of the most interesting branches of industry in all the industrialized countries and here as well. But today we are justified in asking why the Czechoslovak robot does not, figuratively speaking, rush into the factories and into other operations as rapidly as we would like.

At the beginning of the 1980's, there was talk about having 33,000 industrial robots and manipulators working in Czechoslovakia in 1990, helpers who are valuable to us because they do not get tired, do not make mistakes because they are controlled by a program, and in addition do not lose time, for example, by chatting about the last round of play in the soccer league.

In 1983 the Eighth Plenum of the CPCZ Central Committee placed emphasis on "the development and utilization of industrial robots and manipulators and their broad application in the interest of saving labor, particularly in getting rid of physically demanding work and work in environments harmful to health." Statistical data from the industrialized countries show that a total of some tens of thousands of robots and manipulators have already been employed in production processes worldwide.

What is the situation here? In the Seventh 5-Year Plan, according to the goals of the state target program Industrial Robots and Manipulators, there were supposed to be 3,000 industrial robots and manipulators in use. It was expected that these helpers would save at least 5,600 employees.

The results show that in the past 5-year plan 4,200 robots and manipulators started to work in our enterprises and factories but at a relative saving of 2,900 employees. As far as the quantity is concerned, the original intentions

are exceeded by more than half. But we cannot be satisfied! The substantially lower savings in the labor force as compared with the goals and also the lower benefits do not make us very optimistic.

A recent audit by the CSR People's Control Committee showed that introduction of the automation and robotization programs is being carried out with many deficiencies. Often we are up against a superficial approach without working out the deeper bases and a comprehensive evaluation of the work area where the robots and manipulators are supposed to perform their tasks. But there are more problems. We must state, for example, that so far the robotization program has not inspired our industry to any great initiatives. Sometimes the enterprises argue about the high price which exceeds several times over the savings achieved by replacing workers with equipment. Frequent arguments also include the low operational reliability, which so far has been 40 percent of the world average.

We also cannot forget low effectiveness. For a considerably high number of the robots, the enterprises say that the period of getting a return on the money spent is longer than the period of their operational lifespan.

Analyses of the People's Control Committee show that a serious problem is encountered mainly in the unwillingness of the enterprises and plants to change their habitual approaches, established work organization, and management methods. Robot applications, particularly those with higher degrees of automation, are not in and of themselves of any value if there is not a change, and a basic one, in the entire system of management, work organization, planning, etc. Without substantially increasing the hours worked in shifts [also utilizing robots] it is not, for example, possible to achieve higher effectiveness of automation even with substantially lower prices. And many enterprises do not want to get into this. In the same way, there is no point in automating one operation when manual labor continues to predominate in the related operations. One has to continue still further in this.

It is startling that similar tendencies and approaches to robotization and automation are appearing in preparation of the programs for the Eighth 5-Year Plan as well. We are still encountering an attempt to utilize robots and manipulators with a low degree of automation. This does not require any great changes in the work organization. An attempt also prevails to employ individual robots in a noncomprehensive manner. Enterprises are trying to include in the goals equipment which has been produced for a number of years already and is thus "proven" and not newly developed equipment.

As one can see, there are lots of problems. In the words of the deputy chairman of the State Commission for R&D Eng Vladimir Cop, CSc, the employment and reliability of the robots is closely interconnected with the component base for building control systems for the robots. We also have not had good experiences with the slow cycle of service operations by the robot manufacturers and the control systems manufacturers. We are also having to deal with scarce supplies of spare parts. We lack high quality training for the programmers of the robots and their technical service.

Problems are arising in many areas--technical, organizational, economic, and social--and it is not possible to resolve all of them rapidly, reliably, and unequivocally.

But let us return to what was said about the customary approaches and the more comfortable, habitual organization of work. We get back to the alarming and upsetting facts that came up at the recent Fourth Plenum of the Central Committee of the Czechoslovak Communist Party. It was no accident that there was a lot of talk about the fact that the knowledge of many of our economic managers, our captains of industry, has still not caught up with the stage in which our society finds itself. The current demands of the Czechoslovak economy require new ways of thinking and handling things.

The program of automation and robotization is very closely connected with the instituted process of intensification of our national economy. It is clear that without basic changes in our approach to those questions about which we have been speaking we could begin to walk in place, so to speak. We will have missed the train and the entire society will be affected.

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## METALLURGY MINISTER VIEWS THE 'CHOSEN WAY'

Prague HOSPODARSKE NOVINY in Czech No 51/52, 1987 p 11

[Article by Eng Zdenek Suchy, candidate for doctor of science, deputy minister of metallurgy and heavy engineering of the CSSR: "The Path We Have Chosen"]

[Text] Many articles have appeared in our newspapers in connection with needed changes in the structure of our economy that will place greater emphasis on fields that are more labor intensive and less materials intensive. These articles have also considered the most effective role for metallurgy in this restructured economy, which currently is among the world leaders in per capita steel production. In this article the deputy minister for metallurgical facilities and ore mines discusses the plans of the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS] for the future development of the metallurgical industry.

Metallurgy is one of the fundamental branches of our economy in that it functions as the materials base for the engineering, construction, and other processing sectors. Because of its importance to the economy and because metallurgical production requires relatively high inputs of raw materials, fuel, energy, and capital the future development of this sector will emphasize increasing the use values of metallurgical output and improving production efficiency.

## Few Quality Products

The development of the metallurgical sector is becoming influenced to an ever greater extent by possibilities for obtaining essential raw materials, fuel and energy. Guidelines for the Seventh 5-Year Plan set targets for the metallurgical sector for 1985 of 11 million tons of pig iron, 16.94 million tons of steel, and 12.3 million tons of rolled materials. As a result of the gradual shift to intensive growth these targets were revised downward to 15 million tons of steel and 10.6 million tons of rolled materials for 1985.

These reduced targets resulted on the one hand from reduced domestic metals consumption, and on the other hand from declines in metallurgical industry exports. Since 1980, final domestic consumption of ferrous metals has fluctuated between 9.2 and 9.4 million tons, which converts to 11.6-11.8 million tons of steel.

Czechoslovak metallurgical works produce a wide range of basic types of steel. While some 1,600 basic types are produced, the structure of this product mix is unsatisfactory because only about 13 percent of the production is high-grade, alloyed steels, whereas most industrially advanced countries produce 16-17 percent of their total output in these types of steel. This is one reason that Czechoslovak machinery and equipment is heavy in comparison with that of foreign competitors. Moreover, we produce some 4,360 types of shaped steel (the USSR produces 4,600 to 4,700), putting us on a level comparable to other countries with advanced metallurgical industries. This extensive product line is necessitated by the needs of our advanced engineering sector, which prefers rolled items over welded ones, because welding increases labor content.

One of the most important tasks facing the Czechoslovak metallurgical industry is improving the use values of its products. Part of this task is to increase significantly the physical property stability and dimensional precision of metallurgical products, improve the product line, and improve the delivery capability of metallurgical plants. We hope to achieve these objectives mainly through Ferona, where it will be possible to procure readily small quantities of a wide range of metallurgical products.

Reducing metals consumption in consuming sectors will go hand in hand with the elimination of the main product line shortcomings. This will mainly involve the production of a complete line of economically produced sections, such as 80-360 millimeter I-beams, with I-beams larger than 450 millimeters obtained through exchange arrangements with other socialist countries. U-sections will be handled in a similar way. This switch to complete lines of economically produced sections is projected to save some 72,000 tons of metal per year. Specialization in the production of metallurgical materials and their mutual exchange among CEMA member countries will expand in the future with the help of the INTERMETALL organization based in Budapest.

In the area of processed metallurgical products we will expand the production of advanced processed products such as new welding materials, steel cord, welded mesh, etc. Supplies of nonferrous metallurgical products are with certain exceptions adequate and on a par with world standards. Certain materials for the electrotechnical industry are at present on the list of exceptions. In the future we will handle their production as part of the intensification program for our sector. These are products produced in small quantities to very high quality standards using sophisticated materials. Details were provided in my article, Small Quantities, Large Problems in HOSPODARSKE NOVINY No 46 1986.

There are still not enough economic incentives to motivate producers to get involved in technically sophisticated products requiring lots of labor input. This is the fault of current economic mechanisms and various incentive programs. Firms are being required to reduce processing costs and are therefore resisting the expanded use of higher quality, but more expensive materials, unless there are compelling technical reasons for them to do so.

Moreover, such changes very often require design changes in both products as well as technology and production equipment. These changes can frequently be substantial and under current conditions can rarely offer a producer a guaranteed return that will make the change interesting to him. The use of higher quality materials, for instance, often significantly reduces metals consumption, but as a rule also raises labor input requirements and heat treatment costs. It is also sometimes necessary to outfit a work area with equipment for annealing welds, etc.

#### To Conserve Energy

We have considerable potential in heat resistant materials such as those used in steel mills, where steel is melted and worked at very high temperatures. Czechoslovakia has substantial reserves of raw materials for the production of common grade heat resistant building materials. Ceramics industry equipment is, however, adapted for the production of repetitious runs of only medium quality materials.

The economical and effective production of steel depends on highly heat resistant materials. The ceramics industry for heat resistant materials is not yet far enough ahead in the development of state of the art building materials to be of assistance in this area.

The Czechoslovak metallurgical industry consumes 46 kilograms of heat resistant materials per ton of steel, a figure that is two to three times greater than other industrially advanced countries. This is significant because for every additional ton of heat resistant material that is consumed our economy loses an average of 10 gigajoules of energy.

The above problem will be eliminated gradually with the production of non-ferrous clinkers and their processing into specialized ceramic products for intensified steel production technology, for continuous casting and processing outside the furnace. This very pure semifinished product also has applications in the electrotechnical, electronics and other sectors.

#### Shift to New Technologies

The underlying assumption of the objectives for our sector is that the metallurgical industry, and particularly ferrous metallurgy, will continue to meet the requirements of domestic consumers in terms of volume and product line almost entirely from domestic production. We are also assuming that the metallurgical sector will have to export some of its products in order to maintain our balance of payments.

Based on these two assumptions the Czechoslovak metallurgical sector must reduce the energy intensiveness of pig iron and steel production by increasing the reuse of scrap, increasing the percentage of steel produced by continuous casting and processing outside a furnace. The gradual retirement from service of rolling mills using obsolete equipment will concentrate the production of rolled materials on new rolling mills such as the medium capacity rolling mill at the Klement Gottwald New Metallurgical Plant in Kuncice, the continuous

rod and small section rolling mill at the Trinec Great October Socialist revolution Ironworks, and the new medium section mill at the Kladno Poldi mills.

In addition we will attempt to maximize metal conservation throughout the economy. The Czechoslovak engineering sector will have new, higher quality materials at its disposal, we will increase the rate of metal utilization in metallurgical production, and we will make better use of secondary sources of metals.

Increasing the use values of products will also help conserve metals. Projected CSSR steel production will not be achievable without changes in the processing industry in the area of both equipment and product mix. With metal production projected to be flat, we need to reduce specific metals consumption by 50 percent. This means that the processing industries will have to implement innovations in production technologies that will substantially reduce the weight of machinery and equipment. This is also necessary to meet annual targets for reduced metals consumption, which will be in the vicinity of 4-7 percent. Improving the quality of metallurgical products will also enable us to improve the efficiency of metallurgical exports, thereby also reducing physical volume. Improvements in use values depend primarily on our success in modernizing the capital stock and production techniques of the entire metallurgical industry.

Improved utilization of metals in metallurgical production will reduce current energy intensiveness, but is again dependent on production technologies. Introducing new technologies is the best way to reduce metals consumption. Continuous casting of steel, for instance, increases liquid steel yield by 10-12 percent, while reducing energy consumption by about 15 percent. Increasing continuously cast semifinished goods as a percentage of total production by 1 percent reduces energy consumption per ton of rolled material by 12.6 megajoules.

#### All Forms of Efficiency Enhancement

In conjunction with CEMA member countries we will continue to work on long-range projects to improve the raw materials base of the ferrous metals and nonferrous metals sectors. This will involve mainly cooperation in the construction of the Krivij Rog mining and processing combine for the extraction and processing of ferrous raw materials, cooperation in expanding extraction operations of manganese ore in Bulgaria, and cooperation in the building of a complex for aluminum production in the USSR.

R&D and economic cooperation in nonferrous metallurgy will be concentrated on fulfilling the tasks of the Program of Long Range Economic and R&D Cooperation Between the CSSR and the USSR Through the Year 2000. This plan contains various projects and forms for R&D cooperation in the joint conduct of R&D work and operational tests. These include the startup of production of semifinished copper and copper alloy materials sized and dimensioned close to those of finished products. This will increase metal yield by 15-20 percent and reduce production time by 30-40 percent. Introducing continuous casting in conjunction with forming of rolled, flat, semifinished products increases



yield by 15-20 percent and improves labor productivity by a factor of 1.5-2. For many of the harder metals using new techniques that optimize surface finishing increases the resistance coefficient by 25-30 percent and reduces the consumption of sintered carbides by 20-25 percent. The development of new, precious metals based alloys for the electrotechnical and health care sectors will result in savings of silver and gold consumption on the order of 5 percent with no reduction in use value.

Following the approval of the efficiency enhancing program for the metallurgical sector in CSSR Government Resolution No 3/1986 the groundwork was set to facilitate the development of the metallurgical industry in new, more efficient directions. Meeting the objectives of this program will allow us to obtain higher quality metals without increasing overall steel production, while reducing fuel and energy consumption. Improving the efficiency of the metallurgical industry will substantially reduce inputs of materials, as well as energy, make possible an increase in labor productivity, allow the utilization of modernized capital equipment, and make possible the accelerated liquidation of obsolete facilities.

Individual problem groups are included in the efficiency enhancement program for both the metallurgical, the ferrous and nonferrous mining sectors in the form of comprehensive programs that will be implemented over time. Each individual program is correlated with the overall intensification program for our sector for the Eighth 5-Year Plan. These programs will be discussed by the management of our ministry. Their objective is to provide substantial support in the implementation of efficiency enhancing projects in the Czechoslovak metallurgical sector. The proposed savings in ferrous metallurgy alone are significant. Specifically, we have the potential to reduce steel production by 800,000 to 1 million tons each year by implementing continuous casting, while producing the same amount of rolled materials, and the potential for additional metals savings on the order of 900,000 tons per year along with savings in production costs.

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## MORE EFFECTIVE FINANCING, CREDIT, PRICING DISCUSSED

Prague HOSPODARSKE NOVINY in Czech No 51/52, 1987 p 19

[Article by Dr Jiri Jezek, candidate for doctor of science: "Finance, Credit, Prices: What Now?]

[Text] Once the Comprehensive Program for Scientific and Technical Progress for the CEMA Member Countries Through the Year 2000 had been adopted (December 1985) the agenda turned to questions of significantly increasing effectiveness of R&D cooperation within the CEMA. Domestic and international valuation mechanisms will also have to assume a new role, namely of providing incentives for R&D cooperation. Finance, credit policy and price formation for new products are components of the administration of R&D cooperation among socialist states that are the subject of frequent discussions not only at the CEMA level but also in the participating countries, including the CSSR. There are several problems in the way these tools are utilized.

The economic mechanisms related to R&D cooperation within the CEMA that are currently in use by our khozraschot firms are not fulfilling their functions adequately. This is true in part because management systems related to foreign trade are not always fully compatible with other aspects of domestic and foreign systems. In fact, one notices numerous conflicts between domestic and foreign management systems in certain sectors that have a negative impact on technical development and therefore the overall efficiency of the Czechoslovak economy.

The use of valuation mechanisms in the planned management of R&D cooperation must, in other words, be defined broadly, and based on close ties between R&D work and actual production. We need to consider not only R&D, but also production and use. This conforms to the current concept of R&D and production cooperation as set forth in the Comprehensive Program of Scientific and Technical Progress for the CEMA Member Countries Through the Year 2000 [hereafter Comprehensive Program].

## More Effective Financing

Participation by Czechoslovak organizations in R&D cooperation is currently financed primarily based on the specific nature of each project and its level of priority within a particular R&D plan. Financing can come from the state budget (either full or partial), from a sectoral or divisional R&D fund of a

VHJ, and other times may be included in cost projections for an enterprise or an institute. Economic entities aggregate financial resources in their financial plan.

In spite of all these financing tools, expenditures on R&D cooperation by Czechoslovak production organizations and research institutes are still not tied closely enough to the results achieved through this cooperation. In my opinion financial mechanisms frequently function within VHJ and enterprises in a merely formal way, without reinforcing adequately management according to khozraschot principles. As a result these financial tools are often only peripherally involved in international cooperative projects, and the funds earmarked for cooperation projects often end up being used to fund internal R&D.

In addition, the division of labor within the CEMA usually takes place on a reciprocal basis, with no attempt made to justify and control the resultant costs. Many times no consideration is given to whether the results achieved were worth the costs incurred. The situation is different to some degree when the planned projects are secured with contracts through foreign trade organizations. These in most cases relate only to the outputs of such projects, which are directly related to production and therefore to the potential for hard currency revenues.

The establishment of an innovation fund for the financing of R&D projects within the CEMA would, in my view, create more demanding operating conditions for Czechoslovak khozraschot organizations. This possibility is currently under consideration, with the innovation fund being defined as a combination of the investment fund and the R&D fund at the middle management level.

The argument in favor of this arrangement is that the organizations in question would have to become more conscious of efficiency considerations in their decision making. They would have to decide, for instance, whether the requirements for technical innovations might not be more efficiently secured by purchasing the results of foreign R&D programs rather than by conducting our own research. Such purchases could be of either nonmaterial items (new techniques) or of licensing rights, or in the form of jointly executed projects as part of an R&D plan. If the resources of the current R&D fund (which are used currently to fund R&D plan tasks) were combined with other resources in the single proposed innovation fund, this latter fund would then become the major source for the financing of cooperative international activities, which could then be decentralized to the enterprise management level.

Broader potential applications of this innovation fund would also serve as a motivating factor in the more efficient utilization of the international division of labor (especially license procurement, establishing more sophisticated cooperative programs, joint R&D facilities, the startup of specialized international production operations, etc.). For the innovation fund to function as a tool in the financing of cooperative R&D projects, it must facilitate as well the covering of hard currency payment obligations.

Even though the innovation fund could be implemented as the main mechanism for the financing of cooperative R&D projects related to the interests of khozraschot firms (such projects are currently contained in economic plans, even though they are currently financed from the R&D fund), it should never of course be thought of as the sole future source for such projects. Programs and tasks of the basic research plan cannot be left by the wayside, even though they have no direct production application, nor may tasks be neglected that involve long range commitments and high risk, or those which require expenditures that are out of reach of khozraschot entities. For such projects that are of interest to more than one CEMA country, the government of the VNJ in question should fund the project. The financing must, however, be based on resources generated by the center or at the sectoral or middle management level, where use can be made of credits as well. The special purpose funds of central agencies should receive subsidies from the state budget.

#### Specialized Resources Within the CEMA ?

One should not forget another tool for financing international R&D cooperation. This is bank credit issued by the Czechoslovak State Bank mainly in the form of credits repayable in foreign currency for the procurement of advanced technology abroad, to pay for nonmaterial imports needed to begin licensed production, etc. In conjunction with the proposed innovation fund, production firms must also consider establishing lines of credit for innovations which would be used to cover effective cooperation R&D projects from start to finish according to the guidelines of internal sectoral and internal enterprise khozraschot.

Other credits are available from the international banking agencies of the CEMA (the International Investment Bank and the International Economic Cooperation Bank). These credits are currently used mostly as standby credits to support long term exchanges of goods or joint investment projects.

Joint CEMA funds could become a future means for the joint financing of R&D work conducted on the basis of direct relations (proposals regarding the formation and functioning of joint funds for financing the most important measures in the Comprehensive Program were approved at the 11th session of the Executive Commission of the CEMA in May 1986). In particular their use is projected in the financing of the most important aspects of the Comprehensive Program. These are the tasks that will require larger concentrations of hard currency resources in convertible rubles, or in hard currencies. The joint fund concept is also in line with the principle of coordinating and merging the economic systems of the CEMA countries.

According to adopted recommendations a joint fund may be formed from percentage contributions by interested countries, with the conditions of fund formation and use established by mutual agreement. The primary organizations designated for project coordination should play an active role in the application of fund resources, along with joint decision making and production implementation. For this reason much will depend on how effectively and frugally this collective administrative office manages these combined and

strictly allocated resources. Participating organizations may have an interest in the expected results of this cooperative research either because of their contribution to the fund initially or because by completing the task they will have fulfilled their contractual responsibilities.

#### Are the Findings Worth the Expense

An important factor underlying the effectiveness of the management of cooperative R&D within the CEMA are the costs of the activities undertaken and the results which are achieved.

The standardizing function of the prices of the outcomes of these projects is still not being applied consistently to international cooperation. In reality contract prices are established based on actual expenditures. This often has a negative impact on the technical and economic properties of the end product. This is also reflected in the low prices obtained for exported Czechoslovak licenses. The impact of a license sale (foreign currency revenues, penetration of a given market by the licensed product, etc.) are often directly related to the technico-economic sophistication of the design, and the speed with which R&D can implement the design.

Price formation for work performed in the context of R&D cooperation depends on the nature of the output. If the cooperative effort has been related to nonmaterial items then the price formation technique is agreed upon when contracts are signed. The usual arrangement is for the results to be provided either at no charge (if the contracting parties have committed equal amounts of resources to the work and are each financing their own share), or are provided by some sort of percentage arrangement (if one party has contributed more work or if the resolution to the problem involves an invention or other secret outcome). The contract must specify, however, an overall budget as well as the budget shares for each participant, in the same currency. While there are no serious complications in cost calculations or in meeting cost figures, the current price formation system does not offer any significant incentives to khozraschot organizations. A financial system controlled "from above" in this area to a great extent replaces a price based on the achieved project results. These latter prices would be formed based on products generated by internationally organized cooperation "from below".

There is no doubt that the price of project outputs resulting from cooperative research projects should cover the research costs and generate enough profit to provide for the developmental requirements of the organization, so that employees working on a given project are compensated fairly, and to assure that reserves are created for each participating entity. The greater the technical sophistication and operational efficiency of a given product the greater the profit due the cooperating organizations. According to the principle of mutual advantage only increased use values justify higher prices. Deliveries of specialized, cooperatively produced goods may have a similar impact on price formation.

In this regard we should bear in mind a principle from the revised Organizational, Methodological and Legal Principles of R&D Cooperation Among the CEMA

Member Countries that were adopted in 1984. Specifically, that when delivering a product developed in a cooperative R&D program for payment, the amount of the invoice should reflect not only incurred costs but also the level of innovation in the design and the benefits that the recipient will derive from its operation. Types of paid R&D work include inventions, patented prototypes, trademarks and findings classified as know-how. While exceptions may be made in cases of mutual interest or the need to speed up the process of balancing economic and technical sophistication, in most cases a fundamental principle of the transfer of this type of knowledge must be prior agreement on economic calculations that can serve as a basis for pricing. Recently performed analyses have shown that this principle is not being applied consistently in our foreign trade relations.

To improve the efficiency of R&D cooperation it is also necessary to link calculations of costs and price formation considerations to the contractual arrangements for each project. There can be no more effective use of efficiency considerations at the beginning of joint research. The conditions for fulfilling contractual obligations must be such as to assure an end product that is state of the art. In implementing the tasks of the Comprehensive Program it is essential to integrate such considerations into the contract system that Czechoslovak organizations will be initiating with partners from other CEMA countries.

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## GREATER EFFORT FOR QUALITY PRODUCTS URGED

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[Article by Dr Ing Pavel Skalny, Csc., First Deputy Chairman of the CSSR Peoples' Control: Aiming For Quality]

[Text] The measures, which were approved at the end of last year by the Presidium of the Central Committee of the Czechoslovak Communist Party and the CSSR Government, are a response to the serious shortcomings which persist in the quality of Czechoslovak production, resulting in a waste of raw and processed materials and of direct labor and causing us difficulties on foreign markets as well as at home--both in manufacturing and nonmanufacturing consumption.

In 1985, the value of returned faulty products reached Kcs 4.875 billion. That is a very high number, and so are the costs of correcting the returned products, not even mentioning the negative moral and material consequences.

The domestic losses caused by products of inferior quality are considerable. But what is reported, in a variety of ways, is in reality only a small part of the losses caused by poor quality of products. The rest are not reported, either for lack of discipline, or because in some places it has long been considered a matter of course that, technically and technologically, all losses are unavoidable, and as such they are included in the cost of production and in prices. Also, surplusses in expenditure funds make it possible to cover the costs resulting from poor quality without having to report them as such.

The poor quality of goods has a considerable impact on our dealings with foreign markets, where our products are measured by the strictest standards and where nothing is forgiven. Here poor quality results in unnecessarily low prices for which we sell our products and which are often lower than the prevailing market prices in a given country. To this, too, quality of production has been a significant contributor. In some instances, we are losing markets because of poor quality.

We do not need to elaborate on what poor quality means at home. Both material and moral political damage. And Czechoslovakia traditionally used to belong among producers of quality goods. Its products used to be known for their quality and finish, reliability, and long service life. It still is so today,

but sadly not everywhere and not as a matter of course. The situation that exists now is untenable in the future. The 4th Plenum of the Central Committee of the Czechoslovak Communist Party in December of last year made improving quality of priority issue.

The problem of quality has not been given attention in the last period only. Many measures for reversing the trend have been adopted in the past; we only need to remember that introduction of a comprehensive system of quality management. About 4,000 to 5,000 new people became involved in that action, but there were practically no results.

New measures were adopted to strengthen the technical control and make it more objective by having its work done independently of the personnel who are in charge of production. Their economic stake was, or ought to be changed; it should be independent of the economic results of an organization. Economic sanctions for losses incurred due to poor quality were introduced. But they have not been sufficiently effective either. Among other measures, which also have as their goal the improvement of quality, an amendment to law No 30/1986 concerning state testing has been drafted, which makes the criteria for evaluating products much more stringent.

The CSSR government also decided on certain measures for a more effective quality management in a broader sense, that would reduce the undesirable differences in technical and economic levels between domestic and foreign products. We are working on a document for comprehensive quality control, and others.

It needs to be said, however, that measures affecting the entire system will not have an immediate effect, and that we can basically count on their impact only toward the end of the eighth or the beginning of the ninth 5-Year Plan. But much can be resolved immediately. It would be wasting time, therefore, to wait until the planned system-wide measures begin to have an impact.

Sister socialist countries are also intensely concentrating on the problem of product quality. As is well known, the USSR last year introduced state inspection of products in associations and enterprises. It controls quality and examines production in accordance with prescribed requirements; it must not accept products which do not meet those requirements or if tests of the products had negative results. Products, which are submitted for state inspection, have to go first through the technical control of the enterprise; those which were not accepted by the state inspection cannot be shipped by the enterprise. Moreover, enterprise managers are required "to be timely in adopting measures designed to correct the deficiencies and defects found by the state inspection of products..." Further tasks have been assigned concerning the internal manufacturing process and the preproduction stages, with the aim of enforcing improvements in production. At the present time, state inspection has been established in roughly 1,600 enterprises in the USSR.

In NDR, state inspection of quality has been instituted in the key combines, and is also working independently of the agencies which manage production. It has the authority to stop shipping goods, but its main task is to promote improvement of production quality and a timely correction of defects.



Also well known is the Japanese system, where, beside other measures, they have a state organization for quality control; it has the authority to stop the export of goods, which were found to be poor quality, to foreign markets. We are also familiar with the systems of some other capitalist countries. All of them, although they may vary in details, have this in common: in the context of broadening state monopolistic interventions in the economy, the so-called state interest in quality increases, naturally having its own specific class.

When formulating the concept of the new measures for improving quality, we looked at all the insights and experiences of not only our sister countries, but others as well. We also took into consideration the evaluation of our own management systems and quality control. We evaluated the foreign trade system (Inspekta), state testing, system of state inspections, technical control, selections in trade with industrial goods, trade inspections, as well as some departmental systems, for example, the system which is used in the department of general machinery, etc.

We also evaluated the existing economic instruments and their efficiency; we also had to take into consideration the very much discussed question, to what extent the current problems of quality are due to objective or to subjective causes.

In these discussions, for example, arguments were raised concerning tensions in the supply-demand relationships and the monopolistic standing of suppliers, who--whether directly or indirectly--create pressure on consumers to accept even the poor-quality raw and processed materials and components into their manufacturing processes. It was said that quality means added costs for which the cost plan makes no provisions. There was talk of the unavoidability of additional input into the manufacturing process, whether in the form of reconditioning worn-out production equipment, changing the input of raw materials, etc. These arguments were often combined with requests for additional imports, whether from socialist or from nonsocialist countries.

There can be no doubt that such a situation and needs truly exist in many places. But it is impossible not to ask the question whether this whole problem really lies only in these objective causes, or whether subjective causes also play a part in poor quality.

As far as supply and demand relationships are concerned, the current legislation regulating economic relations among organizations provides enough room for using this recourse to demand the fulfilling of commitments. But it is not being used. In the interest of so-called good relations, consumers often tolerate a great deal, knowing very well that potentially negative consequences of poor-quality production will have a substantially lesser impact on them than would refusing poor-quality components. These are the facts, and we cannot close our eyes to them. That is why certain measures, strengthening the position of the consumer, were adopted, or ones that force the supplier to provide quality intermediate deliveries.

The consumers, too, must play a much more active part. When suppliers meet their commitments by supplying sub-standard goods, these will have to be refused, even in the realization that it may lead to potential conflicts. But let us not be afraid of such conflicts, even though in many instances they are used to frighten consumers.

Even today conflicts arise as a result of poor quality deliveries. But their external impact is not on those who caused them. They become manifest when goods are sold to the final buyer, whether domestic or foreign. And here they are resolved in one way or another with a detrimental impact on society. But is this efficient? Conflicts have to be resolved where they arise. Therefore, consumers cannot shirk the responsibility to go as far as risking conflicts. But a number of things can be done to strengthen their position, and measures that were adopted aim in that direction.

Even the aspect of costs cannot be considered totally objective. In our control activity we have noted instances where--in the interest of fulfilling the indicator of adjusted value added--producers reduced their costs by not performing enough maintenance and repair of production equipment. That means that the situation existing in costs is in some cases the result of wrong practices in reducing them. That, however, cannot be tolerated or acknowledged when judging the causes of poor quality.

Improving quality cannot be linked entirely to requests for additional resources, mainly from imports. Not because we have a surplus of them, but because we can distribute only as many as we can produce. And that is not negligible. Therefore, to counter the argument about obsolete production base, very old machinery in some manufacturing sectors, their obsolescence and wear and tear, we need to propound the idea of utilizing advanced machinery and equipment. And here the situation is not good.

For example, according to the selective statistical investigation of the Federal Bureau of Statistic of September 1985, machinery imported from non-socialist countries is being utilized 8.7 hours a day on the average, machinery manufactured domestically 8.9 hours a day, and machinery imported from socialist countries only 6.9 hours a day. And this concerned advanced machinery and equipment. Partly automated machinery is being used at 33.6 percent and fully automated machinery at 46.8 percent of available calendar time. There is considerable unused potential for utilizing this advanced machinery and equipment instead of the obsolete ones, and it has to be used o.i.(as published) as well as in the interest of improving quality.

In addition, we need to proceed more vigorously with the reconstruction and modernization of the production base. Tasks for that have been assigned, and we know very well that in many sectors modernization and reconstruction are indeed a prerequisite for achieving improvement in quality. But during our control activity, even at the beginning of the 8th Five-Year Plan, we found instances where development of the production base was accomplished mostly by increasing capacity, sometimes even at the old technical level, instead of by reconstruction and modernization. We can cite facts and specific cases, also concerning those instances when funds for imports are

not always used altogether effectively, but imports are sometimes carried out only for the sake of increasing capacity when better utilization of existing equipment would achieve the same results. That reduces the opportunity for importing top-of-the-line machinery and technology or various components, which could be substantially more effective in improving the quality of our goods.

Another aspects of the problem, which is strongly reflected in the current level of quality, has an altogether subjective nature and can be said to be a breakdown of technical and technological discipline. These are cases where, contrary to prescribed technical and technological documentation, some manufacturing operations are left out or are not done according to the set norms, where contrary to control procedures no interoperational control is performed, or at best only formally, and where defective semifinished products and components find their way into the subsequent manufacturing operations. Behind all of these cases hides poor quality work, whether by personnel who plan and direct production, or those who are directly involved in the manufacturing process. The adopted measures should help to overcome these subjective causes.

The measure that was approved (the full text is in the supplement to this issue) includes a complex of economic incentives, penalties and solutions. A supplementary levy to the state budget, in the amount of the so-called external losses due to poor quality of production, was introduced; it will be remitted from created profits after the mandatory payments to the state budget are made. These are significant penalties, which will have a negative effect on the amount of disposable profits of an organization if losses are high. But it will also have a stimulative effect on improving quality and will help to reduce external losses caused by poor quality production.

In approving these measures, we also kept in mind that external losses should not just be perfunctorily included in internal losses. To that end, tasks were designated to gradually reduce internal losses due to poor quality in such a way that beginning in 1991, only technically and technologically unavoidable losses will be allowed. The reduction of internal losses due to poor quality will be linked in a significant way to the economic stake of management organizations and other managers who are responsible for the quality of production.

To implement these principles requires us to determine objectively and differentially according to the specific conditions in a branch, sector, and production, the extent of technically and technologically unavoidable losses, not making them objective but setting them according to attainable results of science and technology. What needs to be done is to incorporate the unavoidable technical and technological losses into the technical documentation and take care that losses due to break-down of technological discipline and shortcomings in planning and organizing production are not included in it. Such losses, or, for example, expenditures connected with going beyond guaranteed time limits, cannot be included in cost plans and in prices. It is sad, but we have encountered even such ideas.

During the consultations of some aspects of the adopted measures the top personnel of enterprises and general management, we also encountered an approach where they immediately started to calculate how much more profit they will have to make in order that the organization be able to remit the additional levy for reported external losses due to poor quality of production. But the adopted measures assume a totally different approach--an approach leading to improved quality, reduction of losses due to poor quality of production, and thus also to a reduction of additional levies.

I point this out, because the role of those in management and their active approach to the implementation of these measures will be necessary. The idea is not to pay additional levies, but to apply penalties for internal losses due to poor quality of production, to introduce special regimens with painful consequences for organizations and appropriate personnel, to effect cadre solutions vis-a-vis managers and responsible people. The purpose of these measures is to push through reform and eliminate deficiencies in the quality of Czechoslovak production. All managers and other personnel of enterprises, including party, trade, and other organizations of the National Front will have to focus their attention and thinking in that direction.

Apart from the economic measures for improving the quality of goods, it was decided to strengthen the role of the CSSR, CSR and SSR Committees of People's Control in carrying out quality control. The measures give these agencies broad authority, but hand in hand with it also obligations. They are both part of a whole. Inasmuch as appropriate committees of People's Control have, for example, the authority to halt the shipping of goods, in such cases where the quality of the goods is not in accord with prescribed standards, it will be their duty to stop the shipment. Similarly, this is true also in other instances, where authorization by the Committees of People's Control cannot be thought of as facultative, but, in appropriate situations, as their duty.

The task, assigned to the CSSR, CSR and SSR Committee of People's Control, is extraordinarily important and complicated. In carrying it out, specific measures will be implemented to ensure a continuous flow of comprehensive information about the quality of products, and on that basis objective decisions will be made about selecting organizations where quality control is to be introduced. Measures are being drafted for ensuring quality cadre control by selecting suitable control personnel and specialists, and also for building up a reserve pool of cadres for quality control, so that suitable workers can be into action according to what the problem is. We are modifying control procedures and work methods, which are based on the idea that responsibility for the quality of goods does not lie with the Committees of People's Control, but with the appropriate directors of agencies and organizations, that they are the ones who must eliminate shortcomings in a timely manner and make certain that a high quality of products is permanently ensured. The Committees of People's Control will initiate such measures and, where necessary, with such means as they have at their disposal, enforce them.

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## LEGAL ASPECTS OF RISK TAKING DISCUSSED

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[Article by Prof Petr Hajn, doctor of Law, doctor of Science, Law Faculty at University of Purkyne in Brno, and Karel Pesta, doctor of Law, CSSR prosecutor general: "They Won't Lock Me Up: Does the Law Inhibit Managerial Risk Taking?"]

[Text] Senior managers often complain that the legal code prevents them from adopting a more assertive posture in solving technical, organizational and commercial problems and establishing a healthy economic system. They have proposed, in particular, that criminal law expressly permit risk taking, that their rights to take risks be expanded and more clearly defined. As lawyers, however, we would be less than assertive if we were to simply accept these criticisms of standard-setting measures without looking into what is justified in this criticism and what is imprecise and one-sided.

The criticism that the law prevents one from moving into new areas is probably as old as the law itself. It is a natural criticism. After all, all standards are designed and function in a way that will help to stabilize a status quo. This is the specific role of laws in the overall system of mechanisms that regulate human behavior. It is a very essential role. The purposeful search for new economic opportunities may be compared to climbing a mountain. The lead climber must at all times have at least three secure points if he is not to threaten himself and his fellow climbers... The law provides such secure points and does not permit economic entities to make poorly thought-out decisions that might harm themselves and other components of the social organism.

Every managerial decision reflects a synthesis of numerous interests and points of view. Economic entities have a natural tendency to evaluate the merits of a given measure in terms of economic self-interest. The law, however, forces them to consider a broader spectrum of values (economic, political, ecological, social). Any decision must strike a balance among these viewpoints. This is to some extent counterbalances the desires of a given firm or interests of the moment. Decisions are thus made in the light of more general values and longer range social requirements.

## Let's Not Confuse Concepts

From time to time senior managers find themselves the object of criminal proceedings for their failure to take account of national interests. Charges are not usually brought against them for taking a risk per se, but rather for breaking laws established to govern organizational management and cooperation, or for taking risks that promise potential gains only for individuals, groups or restricted areas. The way that such individuals tend to defend themselves shows that they do not understand the concept of managerial risk. For the most part they confuse risk in the general sense of the term with legally permissible risk. They do not, in other words, have a sense for when their generally risky activity turns into a risky activity that is prohibited by law. Others do not comprehend that modifications of the legal code have, to a certain extent, encouraged risks undertaken in prescribed ways. For instructional purposes, then let us discuss certain frequently occurring types of risk taken that are of marginal legality, where the quality of managerial decisionmaking can have lifelong implications for the individual involved.

There is a fairly numerous group of managers that attempt to reduce managerial risk in impermissible ways. This usually occurs in situations when normal managerial risk, stemming for instance from failure to comply with various limits, standards and deadlines is considered to be more important than the risk involved in violating the criminal code. Normally in such instances the criminal considers the threat of economic losses to be quite probable while the chances of criminal penalties are quite remote. Recently, for instance, a group of managers was apprehended for falsifying inventory lists and other documents in an attempt to avoid the payment of high inventory finance charges, which in turn would have had a negative impact on certain important economic indicators. These individuals defended themselves by contending that their organizations needed these inventories, that they could not risk incurring shortages. Nor could they risk threatening economic performance by paying high finance charges. Only during their trial did they comprehend that they were not being prosecuted for taking a managerial risk (high inventories, high interest payments, poor economic performance), but rather for falsifying information important for management and control.

A second common activity involves managers who attempt to be successful in ways that are either partly or wholly inappropriate for their organizations. One common technique is to submit invoices for goods that were never shipped, or intentionally to issue late invoices for goods shipped in an earlier period. Both techniques are motivated by attempts to "fulfill" plan indicators and to obtain the benefits accruing to an organization that meets its targets. Those accused of this crime usually defend themselves by saying that their actions were the only way to avoid the risk of erratic plan fulfillment and the resultant need for crash work efforts.

Another group includes statutory offices and senior managers who confuse managerial risk with risk normally connected with their responsibilities. This is often related to a failure to meet legal obligations. These cases are most

often related to a failure to collect reimbursements from employees for damage they cause, the failure to institute criminal proceedings, or take other steps enforcing personal accountability. The most frequent defense is that the accused individual could not risk disrupting a work collective or losing an employee. Actually, failure to fulfill these obligations carries the risk of personal penalties.

Another relatively extensive and important group of crimes involve decisions made by senior managers in risky situations which turn out to be poor decisions because of poor analysis at the start, or the failure to apply normal prudence and foresight. One such criminal case involved the director and subordinates at a hog feedlot operation. In this case the hogs were housed together in a space ventilated by electrically controlled equipment. Any failure of this ventilation system would result quickly in mass deaths among the herd. For this reason backup equipment was installed that engaged a diesel engine during periods of disrupted electrical service. This equipment was so sensitive that it reacted immediately to the smallest disruption in electric current by starting up the diesel engine, thus increasing diesel fuel consumption. In an attempt to avoid exceeding his target for diesel fuel consumption the director of the feedlot ordered the diesel equipment to be turned off. He ordered the watchman, during disrupted electrical service, to turn on the engine manually. Several months later there was a disruption in electrical service at night. The watchman was asleep, and in the course of a few hours the entire herd of hogs died.

In this case the accused director of the feed lot defended himself throughout the trial by saying that he had considered all sides of the issue and had decided that it was sufficient to entrust manual operation of the backup equipment to the watchman. He felt this to be the best decision because of the savings in diesel fuel that were involved. He was eventually convicted, along with the watchman, on the grounds that the reason for the installation of the backup ventilation system in the first place had been frequent failure of the human element. Moreover the director was well aware that the watchman was older and had a history of poor attitude and morale. The court ruled that the savings in diesel fuel and other positive results of this decision (including a ranking in a competition for greatest fuel savings) were far outweighed by the seriousness of the losses that resulted from the decision.

We encounter cases with greater than expected frequency where managers have engaged in criminal activity long before they even arrive at a negotiating session where a decision involving risk will be made. One particular chairman of a JZD, along with his subordinates, was arrested for attempting to obtain a higher allocation of sugar processing waste for his farm operation by offering bribes in money and in kind to employees of the agricultural division of the okres national committee and sugar processing plant employees.

A final group of frequently encountered activities involves employees who include among acceptable risks those related to their personal position or career. In these cases the employee in question knows from the start that he

is breaking the law but does so anyway because he believes, sometimes with justification, that so doing will curry favor for him with his superiors or other organizations. In one case the director of an electric power plant was arrested for using enterprise funds to procure alcoholic beverages and gifts and to entertain visiting delegations and guests that had been sent there for practically this sole purpose. His defense basically was that if he had not acted in this way he would have risked losing his position as director. Somewhat characteristic was the comment of a director of a factory arrested for submitting fraudulent reports on plan fulfillment. He said: "whenever things were bad my superiors would turn to me with complete confidence, and I would fix things up. I could not risk letting them down."

There are also criminal cases involving workers who have offered excuses for refusing to take reasonable risks. A typical case involved the manager of a sales outlet for passenger cars who allowed practically his entire inventory to be destroyed. Specifically, the fenced and roofed parking area for these vehicles was being threatened by rising water levels. His employees suggested that they move the cars to higher ground as fast as possible. The response of the accused was typical: "Moving the cars in that mess would have scratched them to hell, then once they were in the nearby field people would vandalize them, taking the tires and equipment. Then I would get locked up for it."

In another case involving flash floods it was necessary to pump water out of some below ground warehouses at an engineering plant. The factory fire brigade, which was responsible for pumping water, ran out of diesel fuel. The manager of the truck fleet refused to release any diesel fuel from his stocks, then justified his action later by saying that he could not exceed his limits on fuels and risk incurring financial penalties.

#### Necessity the Mother of Invention

The limiting function of legal standards that we have noted so far, also has a natural opposite. If the law in some cases restricts certain types of risky activities it is also an essential precondition for others. For instance, the law codifies guarantees and warranties, and specifies responsibility for late and defective deliveries. This means that organizations, when making economic agreements, do not have to be concerned with these questions. They can with good reason rely on being able to find reliable regulations in the legal code to resolve any conflicts that arise. This significantly reduces the risk involved in commercial operations. Legal mechanisms such as technical standard setting and insurance regulations further reduce the risk involved in day-to-day operations. There can be no doubt about the usefulness of these provisions.

As strange as it may seem, the limiting character of many legal norms contributes to innovative activity. Every necessity (and therefore need to observe the law) can serve as the mother of inventiveness. Even if the law does erect barriers to the gaining of inequitable, unjustified advantages at the expense of another person or society as a whole, this should not disrupt human efforts to become more effective. A more favorable ratio between expended



effort and achieved results must, however, become evident in socially acceptable ways, i.e., through various forms of innovative creativity. In other words, those legal standards which defend against unjustified advantages and other anti-social practices can serve just as well (if they provide the right incentives) as a strong stimulus for positive dealings rather than an obstacle to such activity. (Unfortunately the reverse is also true: legal obstacles placed in the way of valuable inventions often provide incentives for what has been called "perverse creativity.")

#### Through Half-Opened Doors

We are of the opinion that demands for the modification of the laws governing the "right" to take risks amount to breaking down doors that are partly open already. The standards in various areas of the law, in fact, explicitly mention risk in economic and other activities. As a rule these laws do not hold either individuals or organizations responsible for losses that occur as a result of taking a risk, as long as the decision to do so was arrived at through proper channels. Such a regulation is spelled out in Section 174, Paragraph 2 of the labor code. This law releases employees from responsibility for damages related to the taking of managerial risk.

To be sure, the Czechoslovak criminal code recognizes no special concept of risk as an independent reason preventing criminal prosecution. This does not mean, however, that it does not recognize circumstances under which risks were taken and particular goals pursued. For a given transaction to be considered criminal under our criminal code it is necessary that it be both dangerous for society and that the crime be described explicitly in the criminal code. It is important that both conditions of criminality be met simultaneously. There can be no tradeoff between them, and the absence of one or the other cannot be compensated for the seriousness of the one that does apply.

The criminal code deals more explicitly with questions of what is dangerous for society in Section 3, paragraph 4, where it states that the degree of danger to society in a given action is determined mainly by the significance of the protected interest affected by the action; the way the action was taken and its consequences; the conditions surrounding the commitment of the crime; the personality of the perpetrator; the degree of his guilt, and his motive... When determining the acceptability of a given risk, just as when deciding on the degree of individual guilt, all the above considerations must be weighed. Risk acceptability will come more and more to depend on the importance of the protected interest that was affected.

Moreover, for an act deemed to be dangerous to society to be criminal, it is also necessary to prove that the perpetrator is guilty. For cases related to risk taking this is usually a matter of proving guilt by negligence. There are two distinct forms of negligent behavior. The first is known as conscious negligence, which means that the perpetrator knew that he was either committing a crime defined in the criminal code or was threatening an interest protected by this code, but for whatever reason judged that this potential violation or

threat would not take place. The second form is known as unconscious negligence in which the perpetrator did not know that his actions could violate or threaten an interest protected by the criminal code, even though he could have known this and should have known it by virtue of his personal circumstances.

Acceptable risks do not include decisions made with a lack of professional knowledge, necessary qualifications, or general incompetence on the part of the perpetrator. The language of the law, i.e., that one's personal situation could and should have made him aware, unfortunately suggests that these might be used as excuses. However, in such cases the negligence of the perpetrator consists in beginning dealings entailing risk with the knowledge that he does not have the requisite qualifications or knowledge. This implies that one of the conditions for acceptable risk has to be prior expert analysis of a situation, which necessarily includes an evaluation of the abilities of all employees who will potentially become involved in a given project.

The acceptability of risk taking by organizations is clearly spelled out in the commercial and civil codes. Such questions arise when an organization cannot successfully demonstrate that it has made every possible, reasonable effort to prevent damages. This regulation may be interpreted as meaning that organizations should not be expected not to take any risks. Whatever preventive efforts they undertake must be appropriate and economically feasible. Furthermore, when a commitment is violated there is no economic or legal responsibility for those damages that an organization could not have foreseen as a normal consequence of violating the obligation in question.

A number of other regulations and statutes mention managerial risk (e.g., the so-called extreme emergency law which is usually invoked in cases of accidents and operational disruptions in various ways that limit the overall amount of damage compensation that can be paid under the legal code, etc.).

It would certainly be possible to treat questions of risk more explicitly in several basic legal codes. The regulation in Section 174, paragraph 2 of the labor code could perhaps be somewhat more detailed than is the case today. There should, however, not be any substantive changes made in the current legal status. The reading of these laws should always remain very general, to cover better the uncommon breadth and variety of risks encountered in everyday life.

#### Just a Glimpse

What we are lacking in this regard are not legal standards, but rather different interpretations of these standards. We lack specific criteria that would enable us, in different situations, to make distinctions (justified, documented, healthy, acceptable, moderate) between risks that are proper and risks that may be described less positively (hazardous, irresponsible, based on unqualified decisionmaking, unscrupulousness, relying stubbornly on coincidence).

There are a number of reasons for this state of affairs. Chief among them is that economic and legal theory began to study managerial risk at a relatively late date, then pursued this study erratically and on a small scale. Other socialist countries, in contrast, have devoted considerable attention to this issue. In part this was the fault of our social agenda. Considerations of managerial risk had no place at all in the conceptions of conflict-free, easy development that were current in the 1960s.

Agencies involved in economic management, furthermore, made little effort to differentiate among various types of risky situations, even though they could have done so, and in their own self-interest, should have. The documentary report on Section 174, Paragraph 2 of the labor code, in fact, stated that the definition of managerial risk would be formulated by management organizations, based on principles issued by their own supervisory offices. Such regulations and principles were actually issued in a surprisingly small number of instances. The manager of a design organization stated the reason for this very concisely; "Why should I be the one to decide that, let us say, five erroneous geometric measurements out of 100,000 such measurements constitutes normal managerial risk. After all, any such definition is risky in and of itself." Senior managers have frequently acted in comfortable and, quite frankly, apologetic ways. They have failed to take advantage of possibilities for defining risk more precisely within their areas of authority, have allowed individual cases of losses caused by poor decisionmaking to be judged by the courts, and on top of this have arrogated to themselves the right to criticize the law and its executors.

Moreover, decisionmaking in legal matters (labor disputes, criminal cases and managerial affairs) has preferred to avoid direct use of the concept of risk. This means that there is as yet no firm decisionmaking methodology to guide managers faced with situations of managerial risk. This is in part the case because criminal proceedings that revolve around a judgment as to whether actual economic risk was involved, are very much the exception. And even when such cases reach the offices charged with criminal prosecution, it is found that no criminal penalties have yet been imposed, or that the case has been tabled for lack of material documentation or the inability to prove guilt.

#### Risk Has Its Own Laws

From the small number of practical findings at our disposal we can construct some general models for evaluating situations that either involve acceptable risk, or could appear to involve acceptable risk in the opinion of an accused. Situations frequently arise, for instance, in which the gains from risky actions consist of no more than the avoidance of a disaster. One of the types of risk, in fact, that the criminal code recognizes as proper is risk undertaken at a time of extreme emergency. The criminal code provides that actions that would otherwise be criminal are permissible in cases where they avert a disaster or other threats to interests protected under the code.

The law further states, however, that the criteria of extreme emergency does not exist if it would have been possible to avoid the given situation in another way, or if the result of the action would have worse consequences than the situation that is avoided. The law, in other words, clearly establishes the principle of proportionality, meaning that the potential benefit must exceed potential damages. These are situations, after all, in which the public interest comes into conflict with a varying need to protect certain facilities. The basic criterion of noncriminality is that the danger being confronted arose from a state of extreme emergency. The precedent is for such cases to relate to situations caused by the elements (extreme cold, floods, or drought) or to situations caused by human error (fires, accidents, explosions, traffic accidents). Courts have further required proof that the alleged danger was imminent, that the probability of the alleged potential disruption was high, and that all circumstances pointed to the necessity of taking the action in question.

One case decided by the prosecutor general involved a construction foreman who ordered a cofferdam in the middle of a river to be flooded, thus destroying the equipment stored within the cofferdam and holding up a project of national importance. During the case it came out that the situation occurred during a flash flood. The walls of the cofferdam were made of strips of steel pushed into the riverbed. There was an imminent danger that the rising waters would crush and destroy the cofferdam. The foreman chose to flood the cofferdam to equalize the pressures acting on its walls, even though this would mean the destruction of the machinery inside. Experts then testified that there was a real danger of the destruction of the cofferdam and that rebuilding the cofferdam would require more time and resources than simply replacing the lost equipment. No criminal proceedings were instituted.

In another case a watchman at a JZD fleet parking lot alleged that an unknown individual entered the fenced off area, took control of a motorized crane, broke down the gate, destroyed part of the fence, and drove off. During the subsequent activities, the police subsequently found the crane, partially damaged, in a nearby woods. During the trial it was discovered that the crane was taken by a logging foreman. Again, no charges were pressed because it was learned that during logging operations a special tractor had turned over, crushing the driver against a felled tree and seriously injuring him. The tractor needed to be moved immediately and the injured logger transported to the nearest hospital. The logging crew, however, had no machinery at its disposal capable of moving the tractor. This was why the foreman chose to break into the JZD yard and take the crane. A doctor testified that the injured person in fact had to be transported to a hospital as soon as possible. No criminal charges were pressed because the accused had acted in a case of extreme emergency and because the result of his actions (damage to socialist property) was less serious than the imminent danger he faced (the threatened life of a human being).

Senior managers have to deal with similar cases, where the legal position is clear, only rarely. More frequent are situations where there is an imminent danger, to be sure, but by no means does the situation qualify as an extreme emergency. Deciding whether a given situation qualifies as a state of extreme emergency or involves other definitions of acceptable risk, is the task of offices responsible for criminal prosecutions. The managers who decide for whatever reason to take a risk must always keep in mind that their actions will be judged in terms of the benefits of their action relative to the potential damage averted by that action, and the relative impact on interests protected by the law.

A third group of situations involve risks of a different sort. In these cases there is no immediate or even short term prospect of damages. Rather the risk lies in the choice of one course of action, with potential benefits, versus other alternative courses of action, and involves the possibility that the projected benefits of the chosen course of action will not in fact be realized.

#### Theory and Practice Hand in Hand

Legal theoreticians have recently been spending time on questions of managerial risk (though the intensity differs depending on the sector and the workplace). The law faculty at the J. E. Purkyne University in Brno, for instance, is studying managerial law. It has published its findings in numerous periodicals as well as in the book, *Risk and Responsibility in Managerial Practice* (Svoboda Publishing House). Both its undergraduate and graduate programs devote time to issues of managerial risk. Managers eventually should be able to view lawyers as partners with an appreciation of decisions that involve risk and the knowledge to assist in evaluating alternative courses of action.

A number of theoretical and practical agencies involved in criminal law are also spending time on the issue of managerial risk. Specifically, these agencies are attempting to generalize from experiences where acceptable risk has been asserted as a reason for not prosecuting an action under the criminal code. The objective is to make a positive determination of what constitutes acceptable risk. The following criteria are being considered:

- when a decision is made the outcome of which cannot be known for certain, the risk is acceptable as long as levels of probability can be presented of achieving the goal;
- a risk is acceptable if a decision has been made on the basis of a complete analysis of a situation, including an assessment of the probability of success versus the probability of failure, and if alternative action plans have been prepared in the event of failure that will reduce or eliminate potential losses;
- projected benefits must be attainable within the constraints imposed by economic regulations, the provisions of labor and civil legal codes, and agricultural and cooperative regulations: any threats to other legally protected interests must be clearly less than the projected benefits: and the projected benefits cannot involve any advantages accruing to individual, sectoral or merely local interests at the expense of national interests;

--to be acceptable, decisions involving risk, except those made in cases of extreme and immediate danger, must be made by those individuals with the authority to make them, except that in an environment where all decisions involve elements of risk, these decisions must be documented with the results of scientific or research activities;

--any decision that a given course of action will maximize overall utility to society must be supported with specific reasons, especially in instances where the eventual failure of a program would threaten a legal interest protected by the criminal code, and where a decision involving risk must be made by a person with certain qualifications, along with documented prudence and foresight.

In our opinion no new clarification of managerial risk is necessary. What is important is that practicing managers be aware of existing precedent and regulations and attempt to apply them conscientiously (by instituting organizational standards) to specific areas of economic life and to all types of situations. Legal and economic theory along with practical decisionmaking must keep careful track of internal standard-setting practices of socialist organizations on issues of risk, draw the most general possible conclusions from this, and make adjustments as needed.

Our purpose in this article has not been to defend uncritically the law. We do not expect that everyone will accept our views without objection. Old judicial wisdom states that it is difficult to be a judge of one's own affairs. A balanced view often results, in fact, from the conflict of several often diametrically opposed positions. We would welcome the application of the traditional principle of "hearing the other side of the story," especially on the pages of HOSPODARSKÉ NOVINY.

We wanted, above all, to caution against a characteristic overestimation of the law. Such overestimation, after all, is frequently hidden in the notion that by merely jotting down some lines from a legal code or dreaming up a simplified, elegant legal formulation will open the way in our economy to a more innovative posture and the willingness to take risks. The reality will always be more complicated. Numerous stimuli affect economic behavior and human actions (supportive material and attitudinal conditions, a favorable political, operational, economic climate, and an overall sense of responsibility). As long as we look for the obstacles to accelerated economic growth in only one of the many contributing factors to the regulational mechanism we will not be able to arrive at a balanced and therefore truly effective strategy.

9276/12851

CSO: 2400/170

## RESTRUCTURING IN CSSR ECONOMY VIEWED

PM101541 Moscow EKONOMICHESKAYA GAZETA in Russian No 15, Apr 87 (signed to press 2 Apr 87) p 20

[Candidate of Economic Sciences S. Abramov article under the rubric "In the Socialist Countries": "CSSR: Along the Tracks of Restructuring"]

[Text] Persistent work is being done in the CSSR to implement the strategy of accelerating the country's socioeconomic development on the basis of introducing the achievements of science and technology in practice, a strategy adopted by the 17th CPCZ Congress (1986). A package of measures is being implemented which aims to implement structural changes in the national economy, consolidate the promising sectors, and introduce new technologies, which will make it possible to attain high levels of labor productivity and achieve the most effective end results possible.

The CPCZ Central Committee plenum held in March this year noted some positive results in implementing the tasks set by the party. At the same time, it pointed out a number of shortcomings. The resolution adopted says that, hitherto, there has been no fundamental turnabout in the practical utilization of the achievements of scientific and technological progress. Extensive trends in the national economy's development persist. Structural changes are implemented slowly. Plan targets as regards enhancing output quality are not being met.

The Central Committee, the resolution says, perceives the inadequate influence exerted by the present management machinery on the development of scientific and technological progress as the main cause of the shortcomings. The CPCZ Central Committee regards as a task of key importance the accelerated and consistent development of principles for the restructuring of the economic machinery and of a draft law on the state enterprise. One of the main demands is that restructuring ought to give broader scope to labor collectives' participation in management and their responsibility for the results achieved, the resolution emphasizes.

The experience accumulated in the course of previous economic experiments is being taken into account during restructuring. The "Principles of the Economic Machinery's Restructuring" approved by the CPCZ Central Committee Presidium and the CSSR Government say: "Positive qualitative changes in the context of the state plan and the methods in attaining goals and tasks under the specific

conditions in organizations must be the decisive avenue of approach for restructuring the economic machinery."

In line with this stipulation, the activity of central agencies is focused on implementing the programmatic goals of the party's economic and social policy, developing long-term goal-oriented programs for the national economy's development, improving the balance between material financial resources and expanding the CSSR's participation in the international division of labor and the implementation of the Comprehensive Program for Scientific and Technological Progress. In order to improve the quality of central planning, introduction of changes in the organizational structure of the economy's management is envisioned. In particular, the development of sectors' organizational structure must be done with due consideration for their specific features. A quest is under way for differentiated ties between production and market. Changes are being introduced in the content and purpose of economic contracts which will make it possible to attain balance between material and financial resources between demand and consumption.

Economic factors in management are being emphasized, while administrative methods are being curtailed. The banks' monitoring of enterprises' activity--especially that of loss-making enterprises--is being tightened up. Measures have been formulated to prevent the unjustified redistribution of funds between profitable and loss-making enterprises within associations. Restrictions have been placed on economically unsubstantiated subsidies.

A comprehensive economic experiment is currently under way in many Czechoslovak enterprises to enhance the independence of economic production units and their responsibility for efficiency. Enterprises are receiving broader authority as regards the formulation and implementation of plans, the utilization of their own resources, the determination of the structure of output, and the choice of methods to ensure material supplies, the marketing of output, and production sharing--including the establishment of direct ties with organizations from other CEMA countries. The latter is particularly important in this year, which, as people in the CSSR believe, will be marked by the active development of direct production and scientific and technological ties between Czechoslovak enterprises and organizations and their partners in fraternal socialist countries.

It ought to be noted that enterprises formulate their long-term program and specific plans for economic and social development on the basis of long-term economic normatives, quotas, and targets received "from above."

The enterprises' activity is based on financial autonomy. Moreover, attention is focused on gross income used to settle accounts with the state and suppliers and to pay wages. To a greater extent than before profits will affect the funds allocated by the enterprise to satisfy the social needs of its workers.

According to Czechoslovak press reports, the entire national economy will switch to new tariffs in determining the wage fund. Much more importance will be attached to those components of labor remuneration which reflect the actual contribution and made by the labor collectives, and organizations as a whole.



Measures aimed at changing the enterprises' attitude toward meeting production targets began to be applied this year within the framework of restructuring the economic machinery. One such measure is an average 9-percent reduction in wholesale prices of materials. This affected in particular three-fourths of industrial and construction industry output. The total amount of the reductions will be 110 billion korunas, or 25 percent of the national income.

The Czechoslovak press notes that this will make it possible to cut production costs, increase the koruna's purchasing power, and make producers interested in manufacturing new high-quality goods to be sold at premium prices provided they are equal or superior to foreign standards. These assumptions are based on the results of the experiment in reducing wholesale prices of material in the chemical industry. Working under the new conditions, the sector's enterprises achieved the more efficient processing of raw materials, including petroleum, and started up the manufacture of new types of high-quality goods.

It has been decided to gradually transfer foreign trade operations to exporting enterprises, primarily machine building enterprises. They will thus gain direct access to foreign markets. Opportunities have also been expanded for the creation of joint enterprises with foreign partners. In addition to industry, such enterprises can now also be set up in the sphere of tourism. All this will make it possible to deepen the integration of production and foreign trade.

Starting this year, a CPCZ Central Committee Presidium resolution introduced state quality control in enterprises producing substandard output either systematically or in large quantities.

The restructuring, Czechoslovak comrades stress, is not a forced measure. It is a natural process of improving the socialist economy and reflects the desire to make better and fuller use of the advantages of socialism.

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CSO: 1807/298

## BRIEFS

HAMBURG SOCIETY ESTABLISHED--Bonn April 14 (CTK Correspondent)--A land organization of the FRG-Czechoslovakia Society was established in Hamburg today, the fourth such branch after the joint land organization in Rhineland-Palatinate and Hesse, and land organizations in Bremen and Bavaria. This non-governmental organization founded in 1983 and based in Cologne has at present more than 1,000 individual members and several collective members such as various firms, trade companies, etc. Its president is John Van Nes Ziegler. The society's activity concentrates on the organization of cultural and other actions acquainting West German citizens with the life in Czechoslovakia. Its aim is to contribute to the establishment of good neighbourly relations between the two countries. [Text] [Prague CTK in English 1930 GMT 14 Apr 87 LD]

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CSO: 2400/267

## PRIVATE SECTOR PROBLEMS DETAILED

## Most Tax Declarations Rejected

Budapest MAGYAR NEMZET in Hungarian 7 Jan 87 p 5

[Interview of Dr Andras Katai by "desi"]

[Text] Magyar Nemzet posed the question: Why Were the Tax Returns of Most Small Retailers Rejected?

The same as each year, income tax returns must be filed this year again by the middle of January. "What is the small retailers' tax ethics?"--was our question to Dr. Andras Katai, economic section head of the National Free Organization of Retailers.

[Answer] Taxpayers' ethics is improving. Last year already the authorities accepted one out of five returns.

[Question] Therefore, if I understand you correctly, the tax bureau was saying to 80 percent of the merchants that they were not telling the truth?"

[Answer] Yes! It is difficult to decide whether tax ethics is bad because merchants fail to report everything, or because they are under the impression that it does not matter what they report, the authorities will make an estimate of their turnover regardless, and tax them accordingly. And if a person's taxes are determined on the basis of an estimate, he will have a hard time getting them to accept his appeal and modify his tax liability. Many a retailer reports less, because he figures they will believe he is hiding something anyway, and they will raise his taxes. There are those who try to cheat because existing regulations do not allow for example deducting first-year losses. Thus taxpayers themselves sometimes 'correct' the shortcomings of the tax system.

[Question] At that, the tax bureau's estimate might be accurate; perhaps more accurate than the data reported!

[Answer] In my opinion, 50 to 60 percent of the estimates are adequate. The rest of the merchants either get remedy upon tax appeal, or pay up, or close shop....

status. Others proposed that the gmk's "legal sibling," the vgm, should be excluded from the group under civil-law jurisdiction, since civil law is concerned with the disputed affairs of equals. Whereas between the parent enterprise and its "inside enterprise" there might exist all sorts of things except equality....

Another source of worry, e.g., is that at the auctioning of a franchise operation, the "winner" must bid without the foggiest idea of the meaning of The contract, which might run to 10 or 15 pages, full of thousands of little tricks. By the time he takes delivery of the package, it is too late for him to try to amend some of the clauses that put him at a disadvantage. He either signs it without demurring, or is free to cancel it later--in which case he can kiss his forfeit good-bye!

With the ascendance of the right to own an enterprise, making an artificial distinction between personal property and private property seems to become more and more obsolete. One of the participants--endorsing the proposal made by the academician and economist, Mrs. Katalin Falus, nee Szikra--came out in favor of legal acknowledgement of the right to unified citizen's property. Where concepts remain unclarified, where it is doubtful what is permissible, to what extent, and how (and why not), that is where the enforcing arm of state power can find a lot to do. The representative of the Economic Police began his speech by quoting some hard facts: "The activities of small enterprises, employing roughly 420,000 persons, have so far failed to come close to the goals set by our economic policy. On the other hand, economic crime is growing by leaps and bounds--especially in the area of small enterprises."

Detected crimes in 1985 grew to 165,000, he said. 70 to 75 percent of these were property-related felonies. 40 percent of the latter (i.e., about 50,000 cases) were business-related. There are no statistics to show to what extent small enterprises are involved in these crimes, but police assume that they, too, have played a role in the increase of "criminal infestation." The list of crimes committed by small enterprises is tremendously long: corruption, swindle, speculation, embezzlement, price gouging, tax evasion, bearing false witness, overstepping the bounds of one's authority, use of registered or misleading trade marks--to mention only the ones most frequently occurring. In the police officer's opinion, there is no exact explanation as to why the activities of small entrepreneurs are so crime-riddled. But he mentioned two factors: on the one hand, many criminals, hiding behind the enterprises' shield, are trying to cause damage, and on the other hand, there is an overabundance of the impostor element in small enterprise operations. It was the desire to stop the crime wave that led to the establishment of the Economic Police Force. Among its main tasks is to fight corruption and speculation, and enforce consumer-interest protection.

Beside extolling their achievements, we should mention that many circumstances impede their efforts. Thus, for example, it is extremely difficult to obtain proof in corruption cases. This might explain the fact that no matter how fast (within 5 to 10 days) they manage to initiate a criminal investigation, the slowly grinding mill of the courts will procrastinate the "final result," the sentence.

[Question] What can the National Free Organization of Retailers do to obtain more realistic estimates?

[Answer] In the past the regulations required that our social committees, which are composed of active merchants, participate in the determination of appeals, that they pass on them. Meanwhile that regulation expired. We now have an agreement with the Ministry of Finance which permits us, under certain conditions, to express our opinion nevertheless. This is important, because merchants are more knowledgeable about each other's situation, they know how the next guy is doing in his business. This way we can help a little bit to make the estimates more realistic.

[Question] What would be the best way to ease people's worries in January, at tax return filing time?

[Answer] We offer regular tax instruction, we publish bookkeeping and tax preparing rules and regulations in our newspaper, and we give tax consultation. We wish there could be more of those who prepare their own tax returns! They figure out, by the rules, of course, how much they owe in taxes. The tax authorities cannot modify this by an estimate. The only thing they can do is investigate, and if they find out that a person paid less than what he should have, then they can collect the underpayment--plus a fine. Using this method, the merchant can be sure that he will not have to pay more than what is just.

[Question] It is said that many try to manipulate with invoices.

[Answer] Prevailing regulations make it possible for the merchant, if he is not billed, to write out his own counter-invoice. On this, however, he also owes turnover tax. True, it is not always in his best interest to have complete proof of purchase, since if he has all the invoices, then it is quite possible that his income tax will increase all out of proportion.

#### Economic Crimes Proliferate

Budapest OTLET in Hungarian 22 Jan 87 pp 16-17

[Article by Geza Kovacs: "Justified Worries"]

[Text] Experts from various fields have already expressed their opinions about the socioeconomic role of small enterprises and about the question, just exactly where do they fit in. Sociologists, white-collar workers, engineers, economists and many others have put in their nickel's worth. On a weekend last fall, attorneys and juries in the service of police came together to discuss their experiences. Even the title of the conference, "Forms of Small Enterprises and Their Civil- and Criminal-law Problems in Practice," sounds like an exciting thriller.

Dr Ferenc Petrik, deputy minister of justice, held the introductory address. He emphasized that small enterprises must not be viewed as isolated phenomena; one should consider the social and economic circumstances which determine the

role, sphere of interest, and main spring of the small enterprise. Thus, both legislation and jurisprudence must definitely take the above into consideration. By all means at their disposal, they must enhance Hungary's competitive position in the international market-place, and further the modernization of her economy. All of this requires also that representatives of the various areas of the law do not consider small enterprises merely from their own points of view. And that, unfortunately, is an error which can only be avoided by great circumspection, since in some instances there is a wide difference between the scope, attitude and problems inherent in civil law, criminal law, and economic law.

The Deputy Minister emphasized that the economy undergoes extremely rapid changes, i.e., the semantics of some of the categories of the law, too, is in a state of flux. This must be taken into consideration in the application of the law. Taking this opportunity, the Deputy Minister gave a brief report about impending legislative changes. In all probability, modifications will be made to the legal regulations governing corporations and limited liability partnerships. One legal regulation, scheduled to take effect this year, will permit that domestic juristic persons, too, create one or the other of these two forms of legal entity.

On this subject, the question was raised at the conference, whether the most prevalent form of private-sector partnership, the gmk (economic work collective), is entitled to juristic person status. The answer was negative; what is more, for the time being, there is not even a chance for private parties (in legal parlance: natural persons) to form any other type of partnership (e.g., limited liability partnership) possessing juristic personality. One of the opposing arguments reasons that limited liability on the part of entrepreneurs would make consumer-interest protection difficult, if not impossible. In the course of addresses and comments, they touched on the "shady past" of nearly all entrepreneurial partnership forms. Prosecutors and judges quoted several concrete legal cases from practice, involving gmks's (economic work collectives), vgmk's (enterprise workers' business partnerships), special affiliated groups, small cooperatives, and franchise operations. As it turns out, the fact that the law is rather removed from the stark realities of life, is not only the small entrepreneur's eternal problem. One of the things that causes serious difficulties in legal practice is that the intricacies of (contractual) economic relationships cannot be easily treated by the tools of jurisprudence. For this reason, (too), it might be open to discussion whether a case should be heard in civil court or--let us say--in a labor relations court. The most difficult situations arise where, instead of the norms of the economy, the courts must (or should) make decisions. It is also depressing for everybody when, in connection with one case, twenty, thirty, or even over a hundred litigations arise. (One labor relations lawyer mentioned a case where collection suits had to be filed against 116 individual members of a cooperative's special affiliated group, whereas it was a matter of only one single case!)

Several participants discussed theoretical legal questions very much related to the enterprises' everyday life. For example, several of them tried to prove that under the tenets of civil law, the gmk's, based on their present qualifications, already possess the parameters needed for juristic person

The prosecutors and criminal court judges told about their own cogitations regarding ways and means to interpret the "time-honored" concepts of the Criminal Code to suit changing economic practices. A few examples: according to the letter of the Criminal Code, a person is guilty of speculation if his trading in goods, as a middle-man, is economically wanton, or if he uses the goods in other speculative ways for the purpose of price gouging. But is there a definite line of demarkation between speculation and business organizing activity? The fact that there is not, is borne out by the practice of the courts: two decisions in the same case, at different instances, might be diametrically opposed.

And what about price gouging? It came to the attention of the Economic Police that in one of a cooperative's special affiliated groups the members' personal incomes "went through the roof," to put it mildly. The head lady's earnings statement indicated a monthly income of 380,000 forints (!), but even a machine operator, performing the simplest manual tasks, was pocketing 200,000 forints (also per month.) Of course, there was an investigation. All the testimonials were correct and whoever perused them, could get an answer to all his questions. And they found the explanation for those excessive earnings: the cost of production of a pair of slippers, which retail for 280 forints, is not more than 8 to 10 forints. When the facts became clarified, the police kept on questioning the matter of tremendous earnings. (As the police official put it: "Everything's O.K.--yet, not O.K.). Perhaps if an economist had happened to be along, too, we might now have the secret of an unparalleled industrial bravura: how they managed to produce so economically.

Corruption is not an easy art form either. So long as there are too many chiefs and not enough Indians (i.e., more entrepreneurs than work opportunities), it is hardly surprising that competitors will seek the good graces of those who are in charge of granting work orders. And the tariff is no secret either: 10 percent of the price slips under the table! But the question is: should we not have the culprits joined on the bench of the accused--at least symbolically--by the dark shadows of scarcity-economy conditions and monopoly situations?

Many indictments stem from the interrelation of various organizations, and from a symbiosis of their activities. The "hero" of one of the cases mentioned, a cooperative, took on a job for 1,300,000 forints. But they immediately turned around and passed it on to a gmk, which, as the subcontractor, asked for 1,040,000 forints. The job was completed and the cooperative--without having done a stitch of work--made 260,000 forints on the deal. It was on that basis that the leaders were investigated. But--the gmk could not have gotten this job directly, and the cooperative could not have lived up to its technical commitments even at a higher price....

In another instance three contractors formed a gmk. They took on different kinds of work; among other things, construction jobs. Since the members lacked the required expertise--as was specified in their partnership contract--they engaged outside experts to do the work. Thus they were merely the organizers. What happened was that their permanent crews--otherwise engaged in the socialist sector--were working weekends, (and as even criminalist experts had

to admit), delivering faultless quality work, on time, and at correct prices. However, since the gmk collected a commission for jobbing, they were found guilty. (In connection with this case, some opined that without the intermediary of the guilty, the partners would probably never have found one another. At the same time, the law must be upheld in the courts.)

It is gratifying that there are signs indicating that the criminal courts, too, are trying to keep abreast of the changes. (Although, as one judge declared: "I don't mind being considered conservative, because people can only be judged by the strictest adherence to the letter of the law.") In connection with contractual business transactions (considered, from the legal point of view, even more confusing than the average), it was held for a long time that in the case of shortages, the manager can, without a doubt, be accused of defalcation. Lately the courts have leaned toward finding the accused innocent, unless positive proof of wrongdoing could be furnished.

The above example sheds light on another, quite common, problem: our legal system interprets the question of responsibility in a rather mechanical manner, i.e., the entrepreneurial risk--which, to be sure, is part and parcel of entrepreneurial activity--is somehow left out of the scope of jurisprudence.

The following recognition was born in connection with franchise conditions of contractual businesses: the unrealistically high flat fee charged is, ab ovo, a criminogenic factor, since it actually forces the winner of the auctioned-off franchise to literally jack up his take at all costs. Some voiced the opinion that in order to avoid such animosities, the bidding at these auctions should have a ceiling. But that would be the source of yet another set of worries....

The final conclusions of the two-day conference indicate that legal experts--while trying to unify their points of view and attitudes--know that paragraphs, in themselves, can never be exclusive indicators of enterprise activities. Only healthy competition and natural market mechanisms are capable of keeping the entrepreneurs' long-term interests permanently within legal bounds.

The question frequently posed at the conference was, how best to combat law-breaking. They fully agreed that it is not the elimination of small enterprises, which would make the problems disappear. As one of the participants put it: "The small enterprise, today, is already like the tsz (producer cooperative), it cannot be squelched." At the same time it is also evident that our legal system today is not a sword which, with a hussar's flick, could sever the heads of crime-serpents wriggling around the Laocoon-arms of honest intentions. But there could be some small, yet forward marching steps: we could start modifying obsolete legal principles (as it has already



started in connection with the reinterpretation of speculation); we should strive for more practical interpretation of the laws, and small enterprises should be examined and evaluated in their complexity and in harmony with their social milieu, because doing away with a phenomenon is not necessarily the equivalent of eliminating the causative factor.

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## NEED FOR IMPROVEMENT IN CEMA COOPERATION DISCUSSED

Budapest FIGYELO in Hungarian No 7, 12 Feb 87 p 3

[Article by Ivan Wiesel; first paragraph is FIGYELO introduction]

[Text] In the implementation of the complex CEMA scientific-technical integration program extending until the year 2000 the member countries have assigned a large role to the direct development, manufacturing, and marketing contacts of the economic organizations (enterprises and research institutes). These are considered to be important, qualitatively new, and forward looking elements of socialist economic integration.

One precondition for the development of a direct enterprise (economic) system of relations is for the CEMA member countries to agree on the economic and legal framework for this type of cooperation. At present there are significant differences between the macroeconomic management systems of individual CEMA countries. The extent of enterprise independence, the interest system, the relation of enterprises to state administrative agencies, the system of management and supervision, etc. are different. We could continue to list those differences that would hinder the spontaneous development, or those motivated by the business interests of the parties, of these types of relations.

In 1968, Hungary had already initiated, or rather, supported the development of direct enterprise cooperation at various CEMA forums. Theoretical objections were not raised even at that time; nevertheless, in practice, this form did not gain ascendance, or rather, only to a modest degree and only when the object was to solve quantitative goals on a cooperative basis. An example of this--among others--is the cooperation of the Lada-Bakony Works.

After this, the question arose: what would increase the probability of the widespread utilization of the new forms of cooperation? On the one hand, it should be understood that the forms of cooperation which have developed between CEMA countries until now are not sufficient either to accelerate scientific and technical progress or for the member countries to expand mutually advantageous relations. And on the other hand, the propagation of the program to restructure and accelerate the economy that was announced at the 27th CPSU Congress would, in all probability, also be perceptible in the other socialist countries. During the past 1 and 1/2 years, the party and

government leaders of the CEMA member countries have participated more frequently in multi- and bilateral meetings than before. At the planning consultations they discussed the developmental problems of the socialist economic community while seeking new forms to improve the efficacy of cooperation.

Who should initiate the formation of direct enterprise contacts? Today this is still carried out by the supervisory agencies--for example, the ministries--because currently there is no direct information exchange between the enterprises and potential partners could not even meet. Thus, to a certain extent, the supervisory agencies play the role of a marriage broker. There is still no means for independently choosing partners from which it follows that it is uncertain that these direct enterprise cooperations initiated from above will be successful in every instance.

Currently, the industrial enterprises of the socialist countries do not conduct technical-economic market research on a regular basis. Often the right information is missing. The type of market research that would be needed is the kind during which the enterprises could become mutually acquainted with each other's transport possibilities, developmental direction, and conceptions regarding their entry into the third market. It is also necessary to establish the trust needed for joint activities.

Cooperative relations could only be expected to deepen and become more effective if an entrepreneurial atmosphere and incentive develops in the CEMA cooperation mechanism which truly makes the enterprises interested parties.

What interests could motivate direct enterprise contacts? Without regard to the order of importance and without an attempt to be comprehensive, the enterprises of the CEMA countries could give priority to the following interests. The first is the interest associated with growth. At this time, the enterprises are still interested in fulfilling, that is, surpassing their targets. Therefore, it is necessary for direct enterprise cooperation to conform to the planning system in countries having an economy based on dismantling plans. It must be made known that one of the important means for increasing the volume of trade is direct relations with partners; in this manner, it is easier to fulfill or supersede targets.

Direct enterprise cooperation must be organized in such a way that the production mechanism constantly keeps up with technical progress. Care must be taken that synchronization with the plans of the people's economy should not be based on the traditional balance sheet method but on market demand.

In the CEMA countries there are enterprises which are unable to set a goal of growth, but "merely" stability, and in the interests of this they must find partners to utilize their unused capacity.

The connection between growth and profitability is becoming increasingly stronger in CEMA countries. Thus, profit is an important incentive factor. Direct enterprise cooperation only has a real chance of succeeding if the profit attainable within this framework exceeds or is, at least, equivalent to the profit that could be achieved through domestic cooperation. Theoretically,

this has every chance of success, although the intensity of interest in profit in individual CEMA countries varies. In the countries of the socialist community the better management of investments and, in general, the better utilization of resources is a central task. This effort must pervade research, development, investments, manpower management, and the process of production and sales. In every CEMA country resource and energy conservation programs are being implemented to which there are, in general, separate incentives attached. Direct enterprise relations could be well tailored to these programs because they create a greater possibility for the rational utilization of investments.

Enterprise experts also anticipate that direct cooperation permits the lessening of shortages and accelerates the pace of technical progress and the improvement of quality.

The assertion of interests and interest relations is a complicated task even within each national economy, but it is especially complex within a system of international division of labor. This is not a socialist characteristic, but is based on international experience.

The assertion of interest relations is inseparable from price and money categories. More than one economist has criticized the present contractual international price system of the CEMA member countries as well as the international accounting system, and in their opinion they are not suitable to appropriately actuate the development of direct enterprise relations; as a matter of fact, they are inhibitory forces braking progress.

CEMA countries use corrected capitalist world market prices (the Bucharest pricing principle) in the formation of prices. Generally, sub-assemblies and components do not really even have documentable world market prices. (In capitalist countries, reciprocal deliveries are usually accounted for at internal prices in specialized and cooperative agreements; these prices are not public and are not the market prices.) It is also known that the trade prices of sub-assemblies and components on international markets is higher than what would be assumed on the basis of the final product price. Under these circumstances, the enterprises of the CEMA member countries are unable to use the prices of independent components in their calculations; that is, if these prices are used, the efficiency requirements are unattainable. Therefore, in enterprise cooperation, direct price formation must be instituted. This also means that enterprises must be given the opportunity to set internal prices through negotiations.

A number of Hungarian enterprise experts claim that the Bucharest pricing principle could also be utilized flexibly in direct enterprise relations; however, it is also necessary that prices be established on the basis of agreement between the two interested parties, without any kind of bureaucratic interference. According to these experts, the price agreements could be established even while maintaining the present pricing principles; merely their application must be modernized.

The following is an important task: interest expression should be modernized in the CEMA foreign currency and credit system. Presently, the exchange rates

expressed in the transferable national currencies are not uniform or realistic, and there is also no correspondence among their cross-exchange rates. The imminent modernization of the CEMA economic mechanism definitely presupposes the creation of exchange rates between transferable rubles and national currencies.

It is likely that the determination of a realistic rate of exchange for common currencies will require a longer period of time and until such time as this is available, so-called partial currency exchange rates will be employed in direct enterprise cooperation and joint enterprises. These exchange rates are not totally unknown today in CEMA cooperation practices.

It is not sufficient to establish a realistic exchange rate for the transferable ruble, or to use partial exchange rates as a temporary substitute, because, sooner or later, the convertibility of the transferable ruble to the national currencies and consequently, the interconvertibility of the national currencies must be established. This is a prerequisite to enable a portion of the income from a cooperative venture to move from one country to another and to have interest acquire real substance. Naturally, the implementation of convertibility also assumes that bilateral restrictions will be terminated and that the transferable ruble may be used broadly in the CEMA region. An inventory of commodities must be established which would make countries have an interest in abandoning the current practice of having a zero balance and use these foreign currencies as reserves. If the enterprises consistently stay within the limits of bilaterality then only such barter-type agreements could be created in which a financial and quantitative equilibrium could be established, in which case, the development of the new forms of cooperation could occur only within very narrow parameters.

Insofar as the direct relations of the enterprises of the CEMA countries are not a function of governmental direction, this assumes the practice of extending commercial credit to one other for which, within the parameters of state monopoly on credit in most CEMA countries, this possibility does not even exist within the national framework. Therefore, it is necessary to now plan how the practice of commercial credit in direct enterprise cooperation could be created.

Finally, the question arises whether there is a need for the interposition of specialized foreign trade enterprises alongside direct enterprise contacts and the operation of joint enterprises. Today the answer is still yes. However, later, these enterprises must be given independent foreign trade rights.

There is no question that today the forms of direct enterprise cooperation are in an initial, experimental phase, but are prospective, contrary to the traditional CEMA practices. These "mechanisms" are still the exception today, and there are certain risks associated with them, but they must be accepted in the interests of renewing socialist economic integration.

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